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**SAUDI REINSURANCE COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)  
AND INDEPENDENT AUDITORS' LIMITED REVIEW REPORT  
FOR THE THREE MONTH PERIOD AND YEAR ENDED 31 DECEMBER 2014**

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## **Saudi Reinsurance Company (A Saudi Joint Stock Company)**

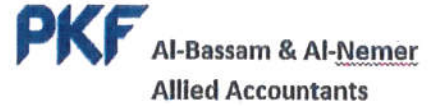
**INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**

**AND INDEPENDENT AUDITORS' LIMITED REVIEW REPORT**

**For The Three Month Period And Year Ended 31 December 2014**

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**LIMITED REVIEW REPORT  
TO THE SHAREHOLDERS OF SAUDI REINSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)**

**SCOPE OF REVIEW:**

We have reviewed the accompanying interim statement of financial position of Saudi Reinsurance Company (A Saudi Joint Stock Company) (the "Company") as at 31 December 2014 and the related interim statements of reinsurance comprehensive operations and accumulated surplus, shareholders' operations and shareholders' comprehensive operations for the three month period and year then ended and the interim statements of changes in shareholders' equity, reinsurance operations' cash flows and shareholders' cash flows for the year then ended and the related notes 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 limited review in accordance with the Standard on Review of Interim Financial Reporting issued by the Saudi Organization for Certified Public Accountants ("SOCPA"). A limited 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 generally accepted auditing standards, 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 limited 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 A 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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26 Rabi Awal 1436H  
(17 January 2015)



# Saudi Reinsurance Company (A Saudi Joint Stock Company)

## INTERIM STATEMENT OF FINANCIAL POSITION

As at 31 December 2014

	Notes	31 December 2014 (Unaudited) SR	31 December 2013 (Audited) SR
<b>REINSURANCE OPERATIONS' ASSETS</b>			
Cash and bank balances		1,454,864	5,268,638
Time Deposits	5	13,125,000	-
Premium receivables, net	4	112,739,098	70,492,623
Investments held at fair value through income statement	7	124,911,737	95,329,159
Accrued insurance premiums		220,186,253	164,869,180
Retroceded share of unearned premiums		2,080,440	2,344,151
Retroceded share of outstanding claims		105,139,646	104,888,575
Deferred acquisition costs		63,512,581	54,445,929
Deferred excess of loss premiums		17,311,815	15,716,948
Prepaid expenses and other assets		28,113,134	1,069,002
Due from shareholders' operations		188,019,813	173,315,949
Property and equipment, net		6,269,040	7,337,119
<b>TOTAL REINSURANCE OPERATIONS' ASSETS</b>		<b>882,863,421</b>	<b>695,077,273</b>
<b>SHAREHOLDERS' ASSETS</b>			
Cash and bank balances		2,567,730	85,673,516
Time deposits	5	24,000,000	37,500,000
Accrued special commission income from time deposits		70,035	1,040,241
Accrued special commission income from bonds and sukuk		3,703,766	3,295,158
Investments held at fair value through income statement	7	732,671,564	595,179,554
Held to maturity investments	8	145,470,427	173,995,409
Prepaid expenses and other assets		7,100,713	5,738,119
Statutory deposit	6	100,000,000	100,000,000
Property and equipment		33,521,502	32,991,742
<b>TOTAL SHAREHOLDERS' ASSETS</b>		<b>1,049,105,737</b>	<b>1,035,413,739</b>
<b>TOTAL ASSETS</b>		<b>1,931,969,158</b>	<b>1,730,491,012</b>
<b>REINSURANCE OPERATIONS' LIABILITIES AND SURPLUS</b>			
Accounts payable		22,617,656	8,143,048
Retrocession balances payable		4,173,060	7,615,523
Accrued retroceded premiums		1,129,253	4,463,127
Gross unearned premiums		238,458,639	215,025,067
Gross outstanding claims		609,842,291	424,276,504
Premium deficiency reserve		-	26,167,000
Unearned commission income		749,782	810,894
Accrued expenses and other liabilities		2,479,662	5,923,389
Employees' end of service benefits		2,481,001	1,720,644
<b>TOTAL REINSURANCE OPERATIONS' LIABILITIES</b>		<b>881,931,344</b>	<b>694,145,196</b>
<b>REINSURANCE OPERATIONS' SURPLUS</b>			
Accumulated surplus		932,077	932,077
<b>TOTAL REINSURANCE OPERATIONS' LIABILITIES AND SURPLUS</b>		<b>882,863,421</b>	<b>695,077,273</b>
<b>SHAREHOLDERS' LIABILITIES AND EQUITY</b>			
<b>SHAREHOLDERS' LIABILITIES</b>			
Accounts payable		-	500,000
Provision for zakat and income tax		35,441,642	33,184,598
Due to reinsurance operations		188,019,813	173,315,949
Accrued expenses and other liabilities		8,219,064	6,641,169
<b>TOTAL SHAREHOLDERS' LIABILITIES</b>		<b>231,680,519</b>	<b>213,641,716</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital		1,000,000,000	1,000,000,000
Statutory reserve		6,070,924	6,070,924
Accumulated deficit		(188,645,706)	(184,298,901)
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>817,425,218</b>	<b>821,772,023</b>
<b>TOTAL SHAREHOLDERS' LIABILITIES AND EQUITY</b>		<b>1,049,105,737</b>	<b>1,035,413,739</b>
<b>TOTAL REINSURANCE OPERATIONS' LIABILITIES AND SURPLUS AND SHAREHOLDERS' LIABILITIES AND EQUITY</b>		<b>1,931,969,158</b>	<b>1,730,491,012</b>

The accompanying notes 1 to 14 form an integral part of these interim condensed financial statements.

# Saudi Reinsurance Company (A Saudi Joint Stock Company)

## INTERIM STATEMENT OF REINSURANCE COMPREHENSIVE OPERATIONS AND ACCUMULATED SURPLUS

	For the three month period ended		For the year ended	
	31 December 2014 (Unaudited)	31 December 2013 (Unaudited)	31 December 2014 (Unaudited)	31 December 2013 (Audited)
	Notes SR	SR	SR	SR
Gross written premiums	33,966,614	48,170,291	556,290,141	420,086,336
Retroceded premiums	(885,098)	(350,503)	(6,101,192)	(6,449,199)
Excess of loss expenses	(11,816,157)	(4,918,864)	(35,594,574)	(27,816,762)
<b>Net written premiums</b>	<b>21,265,359</b>	<b>42,900,924</b>	<b>514,594,375</b>	<b>385,820,375</b>
Change in net unearned premiums	96,123,598	34,543,364	(23,697,278)	(96,057,808)
<b>Net earned premiums</b>	<b>117,388,957</b>	<b>77,444,288</b>	<b>490,897,097</b>	<b>289,762,567</b>
Net claims paid	9 (55,222,336)	(35,339,334)	(215,695,818)	(98,159,195)
Change in net outstanding claims	(27,799,232)	(86,043,649)	(185,314,715)	(202,097,626)
<b>Net claims incurred</b>	<b>(83,021,568)</b>	<b>(121,382,983)</b>	<b>(401,010,533)</b>	<b>(300,256,821)</b>
Gross acquisition costs	(27,488,042)	(27,336,904)	(103,811,395)	(83,330,181)
Supervision and inspection fees	(169,833)	(240,851)	(2,781,451)	(2,100,432)
Commissions on retroceded business	(546,716)	763,878	1,948,181	3,437,425
<b>Net acquisition costs</b>	<b>(28,204,591)</b>	<b>(26,813,877)</b>	<b>(104,644,665)</b>	<b>(81,993,188)</b>
Change in premium deficiency reserve	5,638,269	(26,167,000)	26,167,000	(26,167,000)
<b>Net underwriting results</b>	<b>11,801,067</b>	<b>(96,919,572)</b>	<b>11,408,899</b>	<b>(118,654,442)</b>
Special commission income from time deposits	70,001	-	70,001	-
Realized gains on investments held at fair value through income statement	7 225,850	6,720	225,850	38,659
Unrealized gains on investments held at fair value through income statement	7 350,536	405,385	2,430,636	657,960
Other income	-	-	59,100	102,639
Investment management expenses	(97,927)	(88,660)	(240,395)	(191,040)
General and administrative expenses	(3,720,151)	(5,824,994)	(23,351,099)	(21,558,264)
<b>Net surplus (deficit) from reinsurance operations</b>	<b>8,629,376</b>	<b>(102,421,121)</b>	<b>(9,397,008)</b>	<b>(139,604,488)</b>
Shareholders' appropriation from reinsurance operations' (surplus)deficit	(8,629,376)	102,421,121	9,397,008	139,604,488
<b>Reinsurance operations' surplus after shareholders' appropriation</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Accumulated surplus at the beginning of the period/year	932,077	932,077	932,077	932,077
Accumulated surplus at the end of the period/year	932,077	932,077	932,077	932,077

The accompanying notes 1 to 14 form an integral part of these interim condensed financial statements.

# Saudi Reinsurance Company (A Saudi Joint Stock Company)

## INTERIM STATEMENT OF SHAREHOLDERS' OPERATIONS

	Notes	For the three month period ended		For the year ended	
		31 December 2014 (Unaudited) SR	31 December 2013 (Unaudited) SR	31 December 2014 (Unaudited) SR	31 December 2013 (Audited) SR
Special commission income from time deposits		104,841	236,301	842,499	1,912,501
Special commission income from bonds and sukuk		1,945,124	2,274,178	8,369,809	9,492,217
Realized gains on investments held at fair value through income statement	7	57	918,028	1,281,183	1,676,523
Unrealized (loss) gains on investments held at fair value through income statement	7	(13,379,827)	13,448,742	29,626,814	41,700,233
Other income		-	-	248,129	-
<b>Total revenues</b>		<b>(11,329,805)</b>	<b>16,877,249</b>	<b>40,368,434</b>	<b>54,781,474</b>
General and administrative expenses		(3,122,272)	(4,628,310)	(14,947,416)	(13,308,766)
Investment management expenses		(715,852)	(665,200)	(3,076,970)	(2,311,140)
Board of directors' remuneration, meeting fees and expenses		(115,736)	(7,345)	(1,558,388)	(335,465)
Foreign exchange translation gains (losses)		-	581,175	(549,778)	1,124,223
Shareholders' appropriation from reinsurance operations' surplus (deficit)		8,629,376	(102,421,121)	(9,397,008)	(139,604,488)
<b>Net (loss) income for the period/year</b>		<b>(6,654,289)</b>	<b>(90,263,552)</b>	<b>10,838,874</b>	<b>(99,654,162)</b>
<b>Basic and diluted (loss) earnings per share for the period/year</b>	12	<b>(0.067)</b>	<b>(0.903)</b>	<b>0.108</b>	<b>(0.997)</b>
<b>Weighted average number of issued and outstanding shares</b>		<b>100,000,000</b>	<b>100,000,000</b>	<b>100,000,000</b>	<b>100,000,000</b>




The accompanying notes 1 to 14 form an integral part of these interim condensed financial statements.

**Saudi Reinsurance Company (A Saudi Joint Stock Company)**

**INTERIM STATEMENT OF SHAREHOLDERS' COMPREHENSIVE OPERATIONS**

	For the three month period ended		For the year ended	
	31 December 2014 (Unaudited) SR	31 December 2013 (Unaudited) SR	31 December 2014 (Unaudited) SR	31 December 2013 (Audited) SR
Net (loss) income for the period/year	(6,654,289)	(90,263,552)	10,838,874	(99,654,162)
Other comprehensive loss: Items not to be reclassified subsequently to the income statement:				
Zakat and income tax	(4,388,371)	(2,788,724)	(15,185,679)	(17,549,462)
Total comprehensive loss for the period /year	(11,042,660)	(93,052,276)	(4,346,805)	(117,203,624)




The accompanying notes 1 to 14 form an integral part of these interim condensed financial statements.

**Saudi Reinsurance Company (A Saudi Joint Stock Company)**  
**INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**For the year ended 31 December 2014**

	GCC Shareholders and General Public			Non - GCC Shareholders			Total			
	Share capital	Statutory reserve	Accumulated Deficit	Share capital	Statutory reserve	(Accumulated deficit) Retained earnings	Share capital	Statutory reserve	Accumulated deficit	Total
	SR	SR	SR	SR	SR	SR	SR	SR	SR	SR
Balance as at 1 January 2013 (Audited)	941,000,000	5,712,740	(67,600,389)	59,000,000	358,184	505,112	1,000,000,000	6,070,924	(67,095,277)	938,975,647
Transfer during the year	35,578,000	215,991	304,591	(35,578,000)	(215,991)	(304,591)	-	-	-	-
Net loss for the year	-	-	(97,322,255)	-	-	(2,331,907)	-	-	(99,654,162)	(99,654,162)
<b>Other comprehensive income</b>										
Zakat and income tax	-	-	(17,549,462)	-	-	-	-	-	(17,549,462)	(17,549,462)
Total comprehensive loss for the year	-	-	(114,871,717)	-	-	(2,331,907)	-	-	(117,203,624)	(117,203,624)
Balance as at 31 December 2013 (Audited)	976,578,000	5,928,731	(182,167,515)	23,422,000	142,193	(2,131,386)	1,000,000,000	6,070,924	(184,298,901)	821,772,023
Balance as at 1 January 2014 (Audited)	976,578,000	5,928,731	(182,167,515)	23,422,000	142,193	(2,131,386)	1,000,000,000	6,070,924	(184,298,901)	821,772,023
Transfer during the year	(2,426,000)	(14,728)	(2,440,728)	2,426,000	14,728	2,440,728	-	-	-	-
Net income for the year	-	-	10,558,711	-	-	280,163	-	-	10,838,874	10,838,874
<b>Other comprehensive income</b>										
Zakat and income tax	-	-	(15,185,679)	-	-	-	-	-	(15,185,679)	(15,185,679)
Total comprehensive income for the year	-	-	(4,626,968)	-	-	280,163	-	-	(4,346,805)	(4,346,805)
Balance as at 31 December 2014 (Unaudited)	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

The accompanying notes 1 to 14 form an integral part of these interim condensed financial statements.



# Saudi Reinsurance Company (A Saudi Joint Stock Company)

## INTERIM STATEMENT OF REINSURANCE OPERATIONS' CASH FLOWS

For the year ended 31 December

	2014 SR (Unaudited)	2013 SR (Audited)
<b>OPERATING ACTIVITIES</b>		
Reinsurance operations' surplus after shareholders' appropriation	-	-
Adjustments for:		
Employees' end of service benefits	1,099,217	606,023
Depreciation	2,082,527	1,220,037
Realized gains on investments held at fair value through income statement	(225,850)	(38,659)
Unrealized gains on investments held at fair value through income statement	(2,430,636)	(657,960)
Losses from disposal of property and equipment	791,508	-
Shareholders' appropriation from reinsurance operations' deficit	(9,397,008)	(139,604,488)
Operating deficit before changes in operating assets and liabilities	(8,080,242)	(138,475,047)
<b>Changes in operating assets and liabilities:</b>		
Premiums receivable, net	(42,246,475)	(42,884,999)
Accrued insurance premiums	(55,317,073)	(72,968,315)
Retroceded share of unearned premiums	263,711	3,411,450
Retroceded share of outstanding claims	(251,071)	(62,765,471)
Deferred acquisition costs	(9,066,652)	(21,939,467)
Deferred excess of loss premiums	(1,594,867)	(4,124,157)
Prepaid expenses and other assets	(27,044,132)	(101,058)
Accounts payable	14,474,608	3,374,859
Retrocession balances payable	(3,442,463)	4,349,906
Accrued retroceded premiums	(3,333,874)	219,697
Gross unearned premiums	23,433,572	92,646,358
Gross outstanding claims	185,565,787	264,863,097
Premium deficiency reserves	(26,167,000)	26,167,000
Unearned commission income	(61,112)	(769,661)
Accrued expenses and other liabilities	(3,443,727)	(4,101,974)
<b>Cash from operations</b>	<b>43,688,990</b>	<b>46,902,218</b>
Employees' end of service benefits paid	(338,860)	(247,594)
<b>Net cash from operating activities</b>	<b>43,350,130</b>	<b>46,654,624</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(1,838,954)	(3,254,091)
Additions in investments held at fair value through income statement	(83,847,393)	(60,268,130)
Proceeds from disposal of property and equipment	32,998	-
Proceeds from investments held at fair value through income statement	56,921,301	48,879,720
Time deposits, net	(13,125,000)	-
<b>Net cash used in investing activities</b>	<b>(41,857,048)</b>	<b>(14,642,501)</b>
<b>FINANCING ACTIVITY</b>		
Due from shareholders' operations	(5,306,856)	(27,326,335)
<b>Net cash used in financing activity</b>	<b>(5,306,856)</b>	<b>(27,326,335)</b>
<b>(DECREASE) INCREASE IN CASH AND BANK BALANCES</b>	<b>(3,813,774)</b>	<b>4,685,788</b>
Cash and bank balances at the beginning of the year	5,268,638	582,850
<b>CASH AND BANK BALANCES AT THE END OF THE YEAR</b>	<b>1,454,864</b>	<b>5,268,638</b>

The accompanying notes 1 to 14 form an integral part of these interim condensed financial statements.

**Saudi Reinsurance Company (A Saudi Joint Stock Company)****INTERIM STATEMENT OF SHAREHOLDERS' CASH FLOWS**

For the year ended 31 December

	2014 SR (Unaudited)	2013 SR (Audited)
<b>OPERATING ACTIVITIES</b>		
Net income (loss) for the year	10,838,874	(99,654,162)
Adjustments for:		
Depreciation	683,544	-
Realized gains on investments held at fair value through income statement	(1,281,183)	(1,676,523)
Unrealized gains on investments held at fair value through income statement	(29,626,814)	(41,700,233)
Shareholders' appropriation from reinsurance operations' deficit	9,397,008	139,604,488
Operating deficit before changes in operating assets and liabilities	(9,988,571)	(3,426,430)
<b>Changes in operating assets and liabilities:</b>		
Prepaid expenses and other assets	(1,362,594)	(1,455,534)
Accrued expenses and other liabilities	1,577,895	2,358,584
Accounts payable	(500,000)	(500,000)
Zakat and income tax paid	(12,928,635)	(14,451,676)
<b>Net cash used in operating activities</b>	<b>(23,201,905)</b>	<b>(17,475,056)</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(1,213,304)	(3,207,742)
Accrued special commission income from time deposits	970,206	(562,501)
Accrued special commission income from bonds and sukuk	(408,608)	(15,186)
Additions in investments held at fair value through income statement	(259,845,023)	(242,129,034)
Proceeds from investments held at fair value through income statement	153,261,010	136,069,250
Time deposits, net	13,500,000	150,000,000
Held to maturity investments	28,524,982	35,052,097
<b>Net cash (used in) from investing activities</b>	<b>(65,210,737)</b>	<b>75,206,884</b>
<b>FINANCING ACTIVITY</b>		
Due to reinsurance operations	5,306,856	27,326,335
<b>Cash from financing activity</b>	<b>5,306,856</b>	<b>27,326,335</b>
<b>(DECREASE) INCREASE IN CASH AND BANK BALANCES</b>	<b>(83,105,786)</b>	<b>85,058,163</b>
Cash and bank balances at the beginning of the year	85,673,516	615,353
<b>CASH AND BANK BALANCES AT THE END OF THE YEAR</b>	<b>2,567,730</b>	<b>85,673,516</b>



The accompanying notes 1 to 14 form an integral part of these interim condensed financial statements.

# Saudi Reinsurance Company (A Saudi Joint Stock Company)

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

31 December 2014

### 1. ORGANIZATION AND PRINCIPAL ACTIVITIES

Saudi Reinsurance Company (the "Company") is a Saudi Joint Stock Company registered in the Kingdom of Saudi Arabia under commercial registration number 1010250125 dated 12 Jumad 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 30025, 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

The interim condensed financial statements for the three month period and year ended 31 December 2014 have been prepared in accordance with International Accounting Standard (IAS 34) – "Interim Financial Reporting".

The 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 financial statements as at 31 December 2013.

In management's opinion, the 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.

### 3. NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS

The accounting policies adopted are consistent with those of the previous financial year, except for the amendments made in the following standards which have been revised during the year 2014 and new standards effective from 1 January 2014

#### *Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32*

These amendments clarify the meaning of 'currently has a legally enforceable right to set-off' and the criteria for non- simultaneous settlement mechanisms of clearing houses to qualify for offsetting and is applied retrospectively. These amendments have no impact on the Company.

#### *Novation of Derivatives and Continuation of Hedge Accounting – Amendments to IAS 39*

These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria and retrospective application is required. These amendments have no impact on the Company as the Company has not novated its derivatives during the current or prior periods.

#### *IFRIC 21 Levies*

IFRIC 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. Retrospective application is required for IFRIC 21. This interpretation has no impact on the Company as it has applied the recognition principles under IAS 37 Provisions, Contingent Liabilities and Contingent Assets consistent with the requirements of IFRIC 21 in prior years.

#### **New standard issued but not yet effective:**

The relevant standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective. The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

#### *IFRS 9 Financial Instruments*

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of IFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before 1 February 2015. The adoption of IFRS 9 will have an effect on the classification and measurement of the Company's financial assets, but no impact on the classification and measurement of the Company's financial liabilities.

## Saudi Reinsurance Company (A Saudi Joint Stock Company)

### NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued) 31 December 2014

#### 3. NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS(continued)

##### New standard issued but not yet effective (continued)

###### *Amendments to IAS 19 Defined Benefit Plans: Employee Contributions*

IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after 1 July 2014. It is not expected that this amendment would be relevant to the Company

###### *IFRS 8 Operating Segments*

The amendments are applied retrospectively and clarifies that:

- ▶ An entity must disclose the judgements made by management in applying the aggregation criteria in paragraph 12 of IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'
- ▶ The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

###### *IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets*

The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data on either the gross or the net carrying amount. In addition, the accumulated depreciation or amortisation is the difference between the gross and carrying amounts of the asset.

###### *IAS 24 Related Party Disclosures*

The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services.

###### *IFRS 13 Fair Value Measurement*

The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IFRS 9 (or IAS 39, as applicable).

###### *Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation*

The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact to the Company given that the Company has not used a revenue-based method to depreciate its non-current assets

## Saudi Reinsurance Company (A Saudi Joint Stock Company)

### NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued) 31 December 2014

#### 4. PREMIUM RECEIVABLES, NET

	31 December 2014 (Unaudited) SR	31 December 2013 (Audited) SR
Premiums receivable	116,296,386	72,815,780
Allowance for doubtful receivables	<u>(3,557,288)</u>	<u>(2,323,157)</u>
	<u>112,739,098</u>	<u>70,492,623</u>

#### 5. TIME DEPOSITS

Time deposits represent deposits with banks with investment grade credit ratings and have maturity periods of more than three months from the date of original placement. Such deposits earn special commission at an average effective commission rate of 0.39% per annum (31 December 2013: 2.5% per annum).

#### 6. STATUTORY DEPOSIT

The Company has deposited an amount of SR 100 million (31 December 2013: SR 100 million) with a local bank 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.

#### 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 2014 (Unaudited)		31 December 2013 (Audited)	
	Reinsurance operations SR	Shareholders' operations SR	Reinsurance operations SR	Shareholders' operations SR
Bond portfolios	51,142,163	309,705,257	-	156,796,858
Equity portfolios	-	185,778,294	-	164,109,001
Funds	73,769,574	197,150,944	95,329,159	234,236,625
Sukuk	-	40,037,069	-	40,037,070
Total investments	<u>124,911,737</u>	<u>732,671,564</u>	<u>95,329,159</u>	<u>595,179,554</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.

## Saudi Reinsurance Company (A Saudi Joint Stock Company)

### NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued) 31 December 2014

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

As at 31 December 2014 and 31 December 2013, 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:

	31 December 2014 (Unaudited)			
	Level 1 SR	Level 2 SR	Level 3 SR	Total SR
Bond portfolios	309,705,257	-	-	309,705,257
Equity portfolios	185,778,294	-	-	185,778,294
Funds	172,150,944	-	25,000,000	197,150,944
Sukuk	-	-	40,037,069	40,037,069
	<u>667,634,495</u>	<u>-</u>	<u>65,037,069</u>	<u>732,671,564</u>

	31 December 2013 (Audited)			
	Level 1 SR	Level 2 SR	Level 3 SR	Total SR
Bond portfolios	156,796,858	-	-	156,796,858
Equity portfolios	164,109,001	-	-	164,109,001
Funds	209,236,625	-	25,000,000	234,236,625
Sukuk	-	-	40,037,070	40,037,070
	<u>530,142,484</u>	<u>-</u>	<u>65,037,070</u>	<u>595,179,554</u>

The fair value of level 3 real estate funds and sukuk portfolio was determined using valuation techniques that require significant management judgments in determining appropriate assumptions including commission rates and estimated cash flows.

- 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 year ended 31 December 2014 and 31 December 2013.
- iv. The movements of investments held at fair value through income statement are as follows:

	For the year ended 31 December 2014 (Unaudited)		For the year ended 31 December 2013 (Audited)	
	Reinsurance operations SR	Shareholders' operations SR	Reinsurance operations SR	Shareholders' operations SR
Opening balance	95,329,159	595,179,554	83,244,130	445,743,014
Additions	83,847,393	259,845,023	60,268,130	242,129,034
Disposals	(56,921,301)	(153,261,010)	(48,879,720)	(136,069,250)
Unrealized gains	2,430,636	29,626,814	657,960	41,700,233
Realized gains	225,850	1,281,183	38,659	1,676,523
<b>Ending balance</b>	<u>124,911,737</u>	<u>732,671,564</u>	<u>95,329,159</u>	<u>595,179,554</u>

Investments under reinsurance and shareholders' operations include SR 6.7 million and SR 20 million respectively as at 31 December 2014 (31 December 2013: 12.3 million and SR 4.2 million respectively) cash deposits with banks. These funds are placed by the Company with the assets managers and are independently operated by them. These funds are expected to be invested in the subsequent periods/year.

## Saudi Reinsurance Company (A Saudi Joint Stock Company)

### NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued) 31 December 2014

#### 8. HELD TO MATURITY INVESTMENTS

Held to maturity investments represent debt instruments with a 4 to 10 year time horizon yielding an average special commission of 4.53% per annum (31 December 2013: 4.35% per annum). For fair value hierarchy, for disclosure purpose, held to maturity investments are classified as level 3. The fair value of held to maturity investments amounted to SR 152,260,913 (31 December 2013: SR 183,878,544).

#### 9. NET CLAIMS PAID

	For the three month period ended		For the year ended	
	31 December 2014 (Unaudited) SR	31 December 2013 (Unaudited) SR	31 December 2014 (Unaudited) SR	31 December 2013 (Audited) SR
Gross claims paid	57,002,463	38,086,322	242,980,550	108,321,996
Retroceded share of claims paid	(1,780,127)	(2,746,988)	(27,284,732)	(10,162,801)
<b>Net claims paid</b>	<b>55,222,336</b>	<b>35,339,334</b>	<b>215,695,818</b>	<b>98,159,195</b>

#### 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 year:

Related party	Nature of transactions	Amounts of transactions for the year ended		Balance as at	
		31 December 2014 (Unaudited) SR	31 December 2013 (Audited) SR	31 December 2014 (Unaudited) SR	31 December 2013 (Audited) SR
Board of directors	Consulting fees	383,376	326,829	-	-
	Remunerations	1,020,000	-	-	248,129
	Meeting fees and expenses	538,388	335,465	204,000	-
Key management personnel	Short term benefits	7,452,824	7,644,521	700,000	2,173,000
	End of service benefits	357,091	205,489	741,820	446,650

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

**Saudi Reinsurance Company (A Saudi Joint Stock Company)**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued)**  
**31 December 2014**

**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.

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, net.

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 took place.

	Engineering SR	Fire SR	Marine SR	Motor SR	Life SR	General Accident SR	Others SR	Total SR
<b>For the three month period ended</b>								
<b>31 December 2014 (Unaudited)</b>								
<b>Reinsurance operations' results</b>								
Gross written premiums	3,415,513	13,367,558	(1,041,580)	1,439,319	5,102,126	1,556,545	10,127,133	33,966,614
Retroceded premiums	(1,861,222)	974,263	187,639	-	-	(152,233)	(33,545)	(885,098)
Excess of loss expenses	(1,543,341)	(8,873,745)	(236,209)	-	(757,894)	-	(404,968)	(11,816,157)
<b>Net written premiums</b>	10,950	5,468,076	(1,090,150)	1,439,319	4,344,232	1,404,312	9,688,620	21,265,359
Change in net unearned premiums	13,906,387	30,689,130	11,889,628	8,237,649	19,606,280	5,674,024	6,120,500	96,123,598
<b>Net earned premiums</b>	13,917,337	36,157,206	10,799,478	9,676,968	23,950,512	7,078,336	15,809,120	117,388,957
Net claims paid	(2,812,696)	(22,006,864)	(3,109,465)	(5,154,304)	(13,231,919)	(1,307,216)	(7,599,872)	(55,222,336)
Change in net outstanding claims	(8,668,481)	8,579,768	(6,477,419)	(5,364,349)	711,091	(3,682,803)	(12,897,039)	(27,799,232)
<b>Net claims incurred</b>	(11,481,177)	(13,427,096)	(9,586,884)	(10,518,653)	(12,520,828)	(4,990,019)	(20,496,911)	(83,021,568)
Gross acquisition costs	(3,974,313)	(14,451,319)	(3,640,544)	(1,797,310)	(596,332)	(2,374,388)	(653,836)	(27,488,042)
Supervision and inspection fees	(17,078)	(66,838)	5,208	(7,196)	(25,511)	(7,783)	(50,635)	(169,833)
Commissions on retroceded business	362,119	(531,725)	(375,442)	-	-	(2,914)	1,246	(546,716)
<b>Net acquisition costs</b>	(3,629,272)	(15,049,882)	(4,010,778)	(1,804,506)	(621,843)	(2,385,085)	(703,225)	(28,204,591)
Change in premium deficiency reserve	2,184,485	4,406,297	(96,058)	2,106,339	(2,282,241)	(1,015,690)	335,137	5,638,269
<b>Net underwriting results</b>	991,373	12,086,525	(2,894,242)	(539,852)	8,525,600	(1,312,458)	(5,055,879)	11,801,067



**Saudi Reinsurance Company (A Saudi Joint Stock Company)**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued)**  
**31 December 2014**

**11. SEGMENTAL INFORMATION (continued)**

**11.1 Business segments (continued)**

	Engineering SR	Fire SR	Marine SR	Motor SR	Life SR	General Accident SR	Others SR	Total SR
<b>For the three month period ended</b>								
<b>31 December 2013 (Unaudited)</b>								
<b>Reinsurance operations' results</b>								
Gross written premiums	5,501,432	19,742,231	(232,293)	1,006,206	22,693,227	(156,521)	(383,991)	48,170,291
Retroceded premiums	(828,389)	(160,518)	(3,678)	-	644,297	(1,004)	(1,211)	(350,503)
Excess of loss expenses	(1,373,565)	(3,075,678)	(239,961)	(130,194)	164,546	(138,274)	(125,738)	(4,918,864)
<b>Net written premiums</b>	<b>3,299,478</b>	<b>16,506,035</b>	<b>(475,932)</b>	<b>876,012</b>	<b>23,502,070</b>	<b>(295,799)</b>	<b>(510,940)</b>	<b>42,900,924</b>
Change in net unearned premiums	(1,942,223)	29,218,596	7,044,385	3,645,163	(9,694,402)	1,824,527	4,447,318	34,543,364
<b>Net earned premiums</b>	<b>1,357,255</b>	<b>45,724,631</b>	<b>6,568,453</b>	<b>4,521,175</b>	<b>13,807,668</b>	<b>1,528,728</b>	<b>3,936,378</b>	<b>77,444,288</b>
Net claims paid	(1,657,629)	(23,972,360)	(1,849,214)	(1,301,930)	(4,116,603)	(568,849)	(1,872,749)	(35,339,334)
Change in net outstanding claims	(21,321,842)	(36,361,413)	(5,643,958)	(84,851)	(6,665,603)	(2,715,190)	(13,250,792)	(86,043,649)
<b>Net claims incurred</b>	<b>(22,979,471)</b>	<b>(60,333,773)</b>	<b>(7,493,172)</b>	<b>(1,386,781)</b>	<b>(10,782,206)</b>	<b>(3,284,039)</b>	<b>(15,123,541)</b>	<b>(121,382,983)</b>
Gross acquisition costs	(5,394,771)	(13,774,405)	(3,003,626)	(2,897,531)	(730,277)	(1,193,139)	(343,155)	(27,336,904)
Supervision and inspection fees	(27,507)	(98,712)	1,162	(5,031)	(113,467)	784	1,920	(240,851)
Commissions on retroceded business	590,379	42,935	81,191	-	(22,458)	71,272	559	763,878
<b>Net acquisition costs</b>	<b>(4,831,899)</b>	<b>(13,830,182)</b>	<b>(2,921,273)</b>	<b>(2,902,562)</b>	<b>(866,202)</b>	<b>(1,121,083)</b>	<b>(340,676)</b>	<b>(26,813,877)</b>
Change in premium deficiency reserve	-	(22,775,640)	-	(3,391,360)	-	-	-	(26,167,000)
<b>Net underwriting results</b>	<b>(26,454,115)</b>	<b>(51,214,964)</b>	<b>(3,845,992)</b>	<b>(3,159,528)</b>	<b>2,159,260</b>	<b>(2,876,394)</b>	<b>(11,527,839)</b>	<b>(96,919,572)</b>

**Saudi Reinsurance Company (A Saudi Joint Stock Company)**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued)**  
**31 December 2014**

**11. SEGMENTAL INFORMATION (continued)**

**11.1 Business segments (continued)**

	Engineering SR	Fire SR	Marine SR	Motor SR	Life SR	General Accident SR	Others SR	Total SR
For the year ended								
31 December 2014 (Unaudited)								
Reinsurance operations' results								
Gross written premiums	87,406,366	212,311,444	55,227,018	24,980,693	97,019,188	37,435,789	41,909,643	556,290,141
Retroceded premiums	(6,674,174)	154,867	315,845	-	(506)	25,947	76,829	(6,101,192)
Excess of loss expenses	(7,210,479)	(23,582,591)	(1,192,307)	(390,013)	(1,929,474)	(411,886)	(877,824)	(35,594,574)
Net written premiums	73,521,713	188,883,720	54,350,556	24,590,680	95,089,208	37,049,850	41,108,648	514,594,375
Change in net unearned premiums	(4,356,054)	(23,884,961)	(3,446,679)	17,607,701	(1,116,661)	(4,347,957)	(4,152,667)	(23,697,278)
Net earned premiums	69,165,659	164,998,759	50,903,877	42,198,381	93,972,547	32,701,893	36,955,981	490,897,097
Net claims paid	(13,721,735)	(95,545,903)	(12,942,772)	(22,499,600)	(49,172,597)	(2,043,693)	(19,769,518)	(215,695,818)
Change in net outstanding claims	(50,486,473)	(38,998,892)	(17,521,205)	(18,815,702)	(17,953,499)	(10,246,289)	(31,292,655)	(185,314,715)
Net claims incurred	(64,208,208)	(134,544,795)	(30,463,977)	(41,315,302)	(67,126,096)	(12,289,982)	(51,062,173)	(401,010,533)
Gross acquisition costs	(19,562,216)	(48,767,601)	(14,793,645)	(6,450,577)	(3,454,822)	(8,197,800)	(2,584,734)	(103,811,395)
Supervision and inspection fees	(437,032)	(1,061,557)	(276,135)	(124,903)	(485,096)	(187,179)	(209,549)	(2,781,451)
Commissions on retroceded business	1,846,964	111,591	(194,395)	-	14,553	177,817	(8,349)	1,948,181
Net acquisition costs	(18,152,284)	(49,717,567)	(15,264,175)	(6,575,480)	(3,925,365)	(8,207,162)	(2,802,632)	(104,644,665)
Change in premium deficiency reserve	(3,685,000)	37,192,000	(1,219,349)	5,538,000	(8,133,000)	(1,734,000)	(1,791,651)	26,167,000
Net underwriting results	(16,879,833)	17,928,397	3,956,376	(154,401)	14,788,086	10,470,749	(18,700,475)	11,408,899

**Saudi Reinsurance Company (A Saudi Joint Stock Company)**

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued)**

31 December 2014

11. SEGMENTAL INFORMATION (continued)

11.1 Business segments (continued)

	Engineering SR	Fire SR	Marine SR	Motor SR	Life SR	General Accident SR	Others SR	Total SR
For the year ended								
31 December 2013 (Audited)								
<b>Reinsurance operations' results</b>								
Gross written premiums	76,638,325	159,958,612	45,638,048	50,625,872	51,314,090	16,888,005	19,023,384	420,086,336
Retroceded premiums	(5,076,426)	(360,083)	(607,123)	-	(277,526)	(72,126)	(55,915)	(6,449,199)
Excess of loss expenses	(4,361,535)	(18,709,936)	(2,454,048)	(352,128)	(637,923)	(775,580)	(525,612)	(27,816,762)
<b>Net written premiums</b>	67,200,364	140,888,593	42,576,877	50,273,744	50,398,641	16,040,299	18,441,857	385,820,375
Change in net unearned premiums	(27,786,432)	(18,892,871)	(7,254,915)	(19,690,726)	(17,286,135)	(4,454,502)	(692,227)	(96,057,808)
<b>Net earned premiums</b>	39,413,932	121,995,722	35,321,962	30,583,018	33,112,506	11,585,797	17,749,630	289,762,567
Net claims paid	(5,265,761)	(45,493,728)	(8,451,655)	(6,440,756)	(10,969,156)	(362,352)	(21,175,787)	(98,159,195)
Change in net outstanding claims	(32,343,835)	(125,492,746)	(11,541,116)	(14,436,345)	(9,161,463)	(5,016,123)	(4,105,998)	(202,097,626)
<b>Net claims incurred</b>	(37,609,596)	(170,986,474)	(19,992,771)	(20,877,101)	(20,130,619)	(5,378,475)	(25,281,785)	(300,256,821)
Gross acquisition costs	(18,726,487)	(37,766,576)	(11,601,366)	(7,270,845)	(1,680,801)	(4,611,972)	(1,672,134)	(83,330,181)
Supervision and inspection fees	(383,191)	(799,794)	(228,190)	(253,129)	(256,571)	(84,439)	(95,118)	(2,100,432)
Commissions on retroceded business	2,831,752	399,699	227,494	-	7,919	(45,599)	16,160	3,437,425
<b>Net acquisition costs</b>	(16,277,926)	(38,166,671)	(11,602,062)	(7,523,974)	(1,929,453)	(4,742,010)	(1,751,092)	(81,993,188)
Change in premium deficiency reserve	-	(22,775,640)	-	(3,391,360)	-	-	-	(26,167,000)
<b>Net underwriting results</b>	(14,473,590)	(109,933,063)	3,727,129	(1,209,417)	11,052,434	1,465,312	(9,283,247)	(118,654,442)

**Saudi Reinsurance Company (A Saudi Joint Stock Company)**

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued)**  
**31 December 2014**

**11. SEGMENTAL INFORMATION (continued)**

**11.1 Business segments (continued)**

	Engineering SR	Fire SR	Marine SR	Motor SR	Life SR	General Accident SR	Others SR	Total SR
As at 31 December 2014 (Unaudited)								
Segment assets	113,114,275	219,791,772	51,230,751	13,472,020	70,577,546	26,947,223	25,836,246	520,969,833
Segment liabilities	207,461,414	393,224,537	63,143,310	49,731,040	61,017,335	36,993,159	65,399,886	876,970,681
As at 31 December 2013 (Audited)								
Segment assets	103,527,160	166,836,664	41,668,488	36,199,379	45,316,934	13,281,021	5,927,760	412,757,406
Segment liabilities	157,268,596	355,912,832	41,327,375	55,423,795	31,057,348	19,120,778	26,431,256	686,541,980

# Saudi Reinsurance Company (A Saudi Joint Stock Company)

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

31 December 2014

### 11. SEGMENTAL INFORMATION (continued)

#### 11.2 Geographical segments

	Kingdom of Saudi Arabia SR	Other Middle Eastern Countries SR	Africa SR	Asia SR	Total SR
For the three month period ended 31 December 2014 (Unaudited)					
<b>Reinsurance operations' results</b>					
Gross written premiums	15,870,303	1,609,533	5,388,175	11,098,603	33,966,614
Retroceded premiums	(418,673)	(425,233)	(41,192)	-	(885,098)
Excess of loss expenses	(9,239,674)	(1,868,459)	24,801	(732,825)	(11,816,157)
<b>Net written premiums</b>	<b>6,211,956</b>	<b>(684,159)</b>	<b>5,371,784</b>	<b>10,365,778</b>	<b>21,265,359</b>
Change in net unearned premiums	50,816,898	13,668,112	10,252,196	21,386,392	96,123,598
<b>Net earned premiums</b>	<b>57,028,854</b>	<b>12,983,953</b>	<b>15,623,980</b>	<b>31,752,170</b>	<b>117,388,957</b>
Net claims paid	(29,725,313)	(7,092,424)	(9,354,624)	(9,049,975)	(55,222,336)
Change in net outstanding claims	(4,037,147)	2,495,667	(2,071,169)	(24,186,583)	(27,799,232)
<b>Net claims incurred</b>	<b>(33,762,460)</b>	<b>(4,596,757)</b>	<b>(11,425,793)</b>	<b>(33,236,558)</b>	<b>(83,021,568)</b>
Gross acquisition costs	(14,113,950)	(6,177,512)	(2,457,423)	(4,739,157)	(27,488,042)
Supervision and inspection fees	(79,351)	(8,048)	(26,941)	(55,493)	(169,833)
Commissions on retroceded business	(669,166)	110,838	11,612	-	(546,716)
<b>Net acquisition costs</b>	<b>(14,862,467)</b>	<b>(6,074,722)</b>	<b>(2,472,752)</b>	<b>(4,794,650)</b>	<b>(28,204,591)</b>
Change in premium deficiency reserve	4,281,591	387,954	(992,636)	1,961,360	5,638,269
<b>Net underwriting results</b>	<b>12,685,518</b>	<b>2,700,428</b>	<b>732,799</b>	<b>(4,317,678)</b>	<b>11,801,067</b>

For the three month period ended 31 December 2013 (Unaudited)

	Kingdom of Saudi Arabia SR	Other Middle Eastern Countries SR	Africa SR	Asia SR	Total SR
<b>Reinsurance operations' results</b>					
Gross written premiums	9,339,918	6,738,673	25,913,420	6,178,280	48,170,291
Retroceded premiums	353,372	(657,808)	(46,067)	-	(350,503)
Excess of loss expenses	(3,289,050)	(1,241,601)	(208,182)	(180,031)	(4,918,864)
<b>Net written premiums</b>	<b>6,404,240</b>	<b>4,839,264</b>	<b>25,659,171</b>	<b>5,998,249</b>	<b>42,900,924</b>
Change in net unearned premiums	20,505,113	10,802,705	441,059	2,794,487	34,543,364
<b>Net earned premiums</b>	<b>26,909,353</b>	<b>15,641,969</b>	<b>26,100,230</b>	<b>8,792,736</b>	<b>77,444,288</b>
Net claims paid	(27,705,150)	(2,258,297)	(3,600,287)	(1,775,600)	(35,339,334)
Change in net outstanding claims	(38,045,126)	(12,837,527)	(20,656,155)	(14,504,841)	(86,043,649)
<b>Net claims incurred</b>	<b>(65,750,276)</b>	<b>(15,095,824)</b>	<b>(24,256,442)</b>	<b>(16,280,441)</b>	<b>(121,382,983)</b>
Gross acquisition costs	(12,125,286)	(4,096,195)	(8,219,223)	(2,896,200)	(27,336,904)
Supervision and inspection fees	(46,700)	(33,693)	(129,567)	(30,891)	(240,851)
Commissions on retroceded business	578,819	169,295	15,764	-	763,878
<b>Net acquisition costs</b>	<b>(11,593,167)</b>	<b>(3,960,593)</b>	<b>(8,333,026)</b>	<b>(2,927,091)</b>	<b>(26,813,877)</b>
Change in premium deficiency reserve	(17,871,292)	(1,215,233)	(3,687,497)	(3,392,978)	(26,167,000)
<b>Net underwriting results</b>	<b>(68,305,382)</b>	<b>(4,629,681)</b>	<b>(10,176,735)</b>	<b>(13,807,774)</b>	<b>(96,919,572)</b>

**Saudi Reinsurance Company (A Saudi Joint Stock Company)**

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued)**

**31 December 2014**

**11. SEGMENTAL INFORMATION (continued)**

**11.2 Geographical segments (continued)**

	Kingdom of Saudi Arabia SR	Other Middle Eastern Countries SR	Africa SR	Asia SR	Total SR
<b>For the year ended 31 December 2014 (Unaudited)</b>					
<b>Reinsurance operations' results</b>					
Gross written premiums	278,817,861	94,954,416	63,884,168	118,633,696	556,290,141
Retroceded premiums	(5,085,095)	(921,127)	(94,970)	-	(6,101,192)
Excess of loss expenses	(22,443,089)	(6,219,823)	(3,201,119)	(3,730,543)	(35,594,574)
<b>Net written premiums</b>	<b>251,289,677</b>	<b>87,813,466</b>	<b>60,588,079</b>	<b>114,903,153</b>	<b>514,594,375</b>
Change in net unearned premiums	(3,139,991)	(6,417,500)	4,384,888	(18,524,675)	(23,697,278)
<b>Net earned premiums</b>	<b>248,149,686</b>	<b>81,395,966</b>	<b>64,972,967</b>	<b>96,378,478</b>	<b>490,897,097</b>
Net claims paid	(134,643,340)	(26,983,273)	(36,258,948)	(17,810,257)	(215,695,818)
Change in net outstanding claims	(61,721,664)	(30,745,753)	(25,882,603)	(66,964,695)	(185,314,715)
<b>Net claims incurred</b>	<b>(196,365,004)</b>	<b>(57,729,026)</b>	<b>(62,141,551)</b>	<b>(84,774,952)</b>	<b>(401,010,533)</b>
Gross acquisition costs	(52,043,049)	(18,618,356)	(13,665,799)	(19,484,191)	(103,811,395)
Supervision and inspection fees	(1,394,089)	(474,772)	(319,421)	(593,169)	(2,781,451)
Commissions on retroceded business	1,459,383	480,088	8,710	-	1,948,181
<b>Net acquisition costs</b>	<b>(51,977,755)</b>	<b>(18,613,040)</b>	<b>(13,976,510)</b>	<b>(20,077,360)</b>	<b>(104,644,665)</b>
Change in premium deficiency reserve	11,101,705	7,003,233	4,428,334	3,633,728	26,167,000
<b>Net underwriting results</b>	<b>10,908,632</b>	<b>12,057,133</b>	<b>(6,716,760)</b>	<b>(4,840,106)</b>	<b>11,408,899</b>

	Kingdom of Saudi Arabia SR	Other Middle Eastern Countries SR	Africa SR	Asia SR	Total SR
<b>For the year ended 31 December 2013 (Audited)</b>					
<b>Reinsurance operations' results</b>					
Gross written premiums	221,272,461	75,849,503	63,565,155	59,399,217	420,086,336
Retroceded premiums	(4,584,680)	(1,726,397)	(138,122)	-	(6,449,199)
Excess of loss expenses	(19,470,266)	(4,157,760)	(2,833,284)	(1,355,452)	(27,816,762)
<b>Net written premiums</b>	<b>197,217,515</b>	<b>69,965,346</b>	<b>60,593,749</b>	<b>58,043,765</b>	<b>385,820,375</b>
Change in net unearned premiums	(48,655,807)	(11,106,177)	(13,434,031)	(22,861,793)	(96,057,808)
<b>Net earned premiums</b>	<b>148,561,708</b>	<b>58,859,169</b>	<b>47,159,718</b>	<b>35,181,972</b>	<b>289,762,567</b>
Net claims paid	(61,407,178)	(8,498,910)	(12,818,118)	(15,434,989)	(98,159,195)
Change in net outstanding claims	(131,372,799)	(30,332,147)	(25,226,232)	(15,166,448)	(202,097,626)
<b>Net claims incurred</b>	<b>(192,779,977)</b>	<b>(38,831,057)</b>	<b>(38,044,350)</b>	<b>(30,601,437)</b>	<b>(300,256,821)</b>
Gross acquisition costs	(46,539,050)	(14,274,060)	(13,439,316)	(9,077,755)	(83,330,181)
Supervision and inspection fees	(1,106,363)	(379,247)	(317,826)	(296,996)	(2,100,432)
Commissions on retroceded business	2,776,167	585,490	75,768	-	3,437,425
<b>Net acquisition costs</b>	<b>(44,869,246)</b>	<b>(14,067,817)</b>	<b>(13,681,374)</b>	<b>(9,374,751)</b>	<b>(81,993,188)</b>
Change in premium deficiency reserve	(17,871,292)	(1,215,233)	(3,687,497)	(3,392,978)	(26,167,000)
<b>Net underwriting results</b>	<b>(106,958,807)</b>	<b>4,745,062</b>	<b>(8,253,503)</b>	<b>(8,187,194)</b>	<b>(118,654,442)</b>

## Saudi Reinsurance Company (A Saudi Joint Stock Company)

### NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued) 31 December 2014

#### 11. SEGMENTAL INFORMATION (continued)

##### 11.2 Geographical segments (continued)

	Kingdom of Saudi Arabia SR	Other Middle Eastern Countries SR	Africa SR	Asia SR	Total SR
As at 31 December 2014 (Unaudited) Reinsurance operations					
Segment assets	304,989,613	88,339,001	44,527,103	83,114,116	520,969,833
Segment liabilities	522,011,642	144,200,215	64,194,324	146,564,500	876,970,681
As at 31 December 2013 (Audited) Reinsurance operations					
Segment assets	282,957,953	59,283,701	33,769,136	36,746,616	412,757,406
Segment liabilities	475,410,789	109,832,941	39,632,655	61,665,595	686,541,980

#### 12. BASIC AND DILUTED EARNINGS (LOSS) PER SHARE

Basic and diluted earnings (loss) per share for the three month period and year ended 31 December 2014 and 2013 have been calculated by dividing net income (loss) for the period/year by the weighted average number of ordinary issued and outstanding shares at the end of the periods/year

#### 13. 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 8 above, approximate their fair values at the interim condensed financial statements date.

#### 14. APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

These interim condensed financial statements have been approved by the Board of Directors on 26 Rabi Awal 1436H corresponding to 17 January 2015.