
SAUDI REINSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

**UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REVIEW REPORT
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2016**

Saudi Reinsurance Company (A Saudi Joint Stock Company)

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

For The Three Month Period Ended 31 March 2016

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KPMG Al Fozan & Partners
Certified Public Accountants



Al-Bassam & Al-Nemer
Allied Accountants

INDEPENDENT AUDITORS' REVIEW REPORT ON INTERIM CONDENSED FINANCIAL STATEMENTS

**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 March 2016 and the interim statement of income - reinsurance operations and accumulated surplus, interim statement of income - shareholders' operations and interim statement of comprehensive income - shareholders' operations for the three month period then ended and the interim statements of changes in shareholders' equity, reinsurance operations cash flows and shareholders' cash flows for the three month period then ended and the related notes 1 through 16 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 the auditing standards generally accepted in the Kingdom of Saudi Arabia, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

CONCLUSION:

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

EMPHASIS OF MATTER:

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

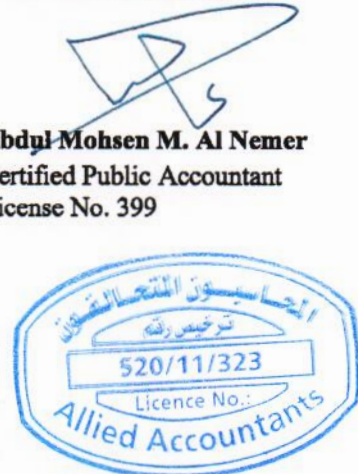
KPMG Al Fozan & Partners
Certified Public Accountants
 P. O. Box 92876
 Riyadh 11663
 Kingdom of Saudi Arabia

Khalil Ibrahim Al Sedais
Certified Public Accountant
 Registration No. 371



PKF Al-Bassam & Al-Nemer
Allied Accountants
 P. O. Box 28355
 Riyadh 11437
 Kingdom of Saudi Arabia

Abdul-Mohsen M. Al Nemer
Certified Public Accountant
 License No. 399



14 Rajab 1437H
 (21 April 2016)

Saudi Reinsurance Company (A Saudi Joint Stock Company)

INTERIM STATEMENT OF FINANCIAL POSITION

As at 31 March 2016

	Notes	31 March 2016 (Unaudited) SR	31 December 2015 (Audited) SR
<u>REINSURANCE OPERATIONS' ASSETS</u>			
Cash and bank balances		59,394,932	61,025,692
Time deposits	5	35,218,332	35,218,332
Accrued special commission income from time deposits		223,461	72,199
Premium receivables, net	4	334,594,498	195,141,907
Investments held at fair value through income statement	7	68,765,504	73,707,373
Accrued insurance premiums		533,242,255	440,823,628
Retroceded share of unearned premiums	9	6,687,206	7,363,459
Deferred excess of loss premiums		10,322,547	17,389,664
Retroceded share of outstanding claims		98,525,906	60,496,840
Deferred acquisition costs		151,874,859	94,148,447
Prepaid expenses and other assets		90,387,144	91,221,256
Due from shareholders' operations		144,548,845	130,783,161
Property and equipment, net		4,883,623	5,455,845
TOTAL REINSURANCE OPERATIONS' ASSETS		1,538,669,112	1,212,847,803
<u>SHAREHOLDERS' ASSETS</u>			
Cash and bank balances		8,367,100	31,917,275
Time deposits	5	144,163,051	118,849,000
Accrued special commission income from time deposits		1,056,057	540,411
Accrued special commission income from bonds and sukuk		2,631,448	2,220,485
Investments held at fair value through income statement	7	680,735,129	687,580,266
Prepaid expenses and other assets		823,750	405,990
Statutory deposit	6	100,000,000	100,000,000
Return on investment of statutory deposit	6	8,004,831	7,592,394
Property and equipment, net		32,779,122	32,998,857
TOTAL SHAREHOLDERS' ASSETS		978,560,488	982,104,678
TOTAL ASSETS		2,517,229,600	2,194,952,481
<u>REINSURANCE OPERATIONS' LIABILITIES AND SURPLUS</u>			
Accounts payable		7,754,154	10,101,722
Retrocession balances payable		16,398,260	14,927,181
Accrued retroceded premiums		59,465	354,467
Gross unearned premiums	9	679,683,723	502,998,272
Gross outstanding claims		824,170,497	674,119,737
Unearned commission income		1,608,748	1,806,605
Accrued expenses and other liabilities		4,407,452	4,185,212
Employees' end of service benefits		3,396,919	3,164,713
TOTAL REINSURANCE OPERATIONS' LIABILITIES		1,537,479,218	1,211,657,909
<u>REINSURANCE OPERATIONS' SURPLUS</u>			
Accumulated surplus		1,189,894	1,189,894
TOTAL REINSURANCE OPERATIONS' LIABILITIES AND SURPLUS		1,538,669,112	1,212,847,803
<u>SHAREHOLDERS' LIABILITIES AND EQUITY</u>			
<u>SHAREHOLDERS' LIABILITIES</u>			
Provision for zakat and income tax		42,456,959	39,418,724
Due to reinsurance operations		144,548,845	130,783,161
Accrued expenses and other liabilities		2,151,971	2,173,675
Deferred return on investment of statutory deposit	6	8,004,831	7,592,394
TOTAL SHAREHOLDERS' LIABILITIES		197,162,606	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		(224,673,042)	(203,934,200)
TOTAL SHAREHOLDERS' EQUITY		781,397,882	802,136,724
TOTAL SHAREHOLDERS' LIABILITIES AND EQUITY		978,560,488	982,104,678
TOTAL REINSURANCE OPERATIONS' LIABILITIES, SURPLUS, SHAREHOLDERS' LIABILITIES AND EQUITY		2,517,229,600	2,194,952,481

The accompanying notes 1 to 16 form an integral part of these interim condensed financial statements.

Saudi Reinsurance Company (A Saudi Joint Stock Company)

INTERIM STATEMENT OF INCOME - REINSURANCE OPERATIONS AND ACCUMULATED SURPLUS

For the three month period ended 31 March 2016

	<i>Notes</i>	For the three month period ended	
		31 March 2016 (Unaudited) SR	31 March 2015 (Unaudited) SR
Gross written premiums		446,668,548	243,754,111
Retroceded premiums		(1,671,613)	(2,981,495)
Excess of loss expenses		(16,796,845)	(15,795,576)
Net written premiums		428,200,090	224,977,040
Change in net unearned premiums		(177,361,704)	(158,306,794)
Net earned premiums		250,838,386	66,670,246
Net claims paid	8	(101,743,992)	(81,129,822)
Change in net outstanding claims		(112,021,690)	13,147,369
Net claims incurred		(213,765,682)	(67,982,453)
Gross acquisition costs		(38,427,217)	(13,395,500)
Supervision and inspection fees		(2,233,343)	(1,218,773)
Commissions on retroceded business		701,511	525,274
Net acquisition costs		(39,959,049)	(14,088,999)
Deficit from reinsurance operations		(2,886,345)	(15,401,206)
Special commission income from time deposits		467,234	32,813
Realized gains on investments held at fair value through income statement	7(iii)	620	14,941
Unrealized gains on investments held at fair value through income statement	7(iii)	1,057,511	1,135,444
Other income		--	216,469
Investment management expenses		(97,597)	(72,183)
General and administrative expenses		(9,576,030)	(10,235,787)
Foreign exchange translation loss		(82,425)	(1,330,028)
Net deficit from reinsurance operations		(11,117,032)	(25,639,537)
Shareholders' appropriation from reinsurance operations' deficit	2	11,117,032	25,639,537
Reinsurance operations' surplus after shareholders' appropriation		--	--
Accumulated surplus at the beginning of the period		1,189,894	932,077
Accumulated surplus at the end of the period		1,189,894	932,077




Saudi Reinsurance Company (A Saudi Joint Stock Company)
INTERIM STATEMENT OF INCOME - SHAREHOLDERS' OPERATIONS
For the three month period ended 31 March 2016

	<i>Notes</i>	For the three month period ended	
		31 March 2016 (Unaudited) SR	31 March 2015 (Unaudited) SR
Special commission income from time deposits		540,438	62,075
Special commission income from bonds and sukuk		851,405	1,901,304
Realized gains on investments held at fair value through income statement	7(iii)	5,925	1,914,082
Unrealized (losses) / gains on investments held at fair value through income statement	7(iii)	(5,556,512)	14,761,823
Other income		--	2,718
Total investment (loss) / income		(4,158,744)	18,642,002
General and administrative expenses		(1,499,332)	(1,415,859)
Investment management expenses		(789,284)	(764,990)
Board of directors' remunerations, meeting fees and expenses		(133,408)	(114,825)
Foreign exchange translation losses		(2,807)	(21,819)
Shareholders' appropriation from reinsurance operations' deficit	2	(11,117,032)	(25,639,537)
Net loss for the period		(17,700,607)	(9,315,028)
Basic and diluted losses per share for the period	13	(0.177)	(0.093)
Weighted average number of issued and outstanding shares		100,000,000	100,000,000




The accompanying notes 1 to 16 form an integral part of these interim condensed financial statements.

Saudi Reinsurance Company (A Saudi Joint Stock Company)

INTERIM STATEMENT OF COMPREHENSIVE INCOME - SHAREHOLDERS' OPERATIONS

For the three month period ended 31 March 2016

	For the three month period ended	
	31 March 2016	31 March 2015
	(Unaudited)	(Unaudited)
	SR	SR
Net loss for the period	(17,700,607)	(9,315,028)
Total comprehensive loss for the period	(17,700,607)	(9,315,028)



Saudi Reinsurance Company (A Saudi Joint Stock Company)
INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
For the three month period ended 31 March 2016

	GCC Shareholders and General Public				Non – GCC Shareholders				Total	
	Share capital SR	Statutory reserve SR	Accumulated deficit SR	Share capital SR	Statutory reserve SR	Retained earnings SR	Share capital SR	Statutory reserve SR	Accumulated deficit SR	Total SR
Balance as at 1 January 2015 (Audited)	974,152,000	5,914,003	(189,235,211)	25,848,000	156,921	589,505	1,000,000,000	6,070,924	(188,645,706)	817,425,218
Net loss for the period	--	--	(9,074,253)	--	--	(240,775)	--	--	(9,315,028)	(9,315,028)
Zakat and income tax	--	--	(3,169,432)	--	--	--	--	--	(3,169,432)	(3,169,432)
Balance as at 31 March 2015 (Unaudited)	974,152,000	5,914,003	(201,478,896)	25,848,000	156,921	348,730	1,000,000,000	6,070,924	(201,130,166)	804,940,758
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
Net loss for the period	--	--	(17,277,385)	--	--	(423,222)	--	--	(17,700,607)	(17,700,607)
Zakat and income tax	--	--	(3,038,235)	--	--	--	--	--	(3,038,235)	(3,038,235)
Balance as at 31 March 2016 (Unaudited)	976,078,306	5,925,697	(224,823,257)	23,921,694	145,227	150,215	1,000,000,000	6,070,924	(224,673,042)	781,397,882




The accompanying notes 1 to 16 form an integral part of these interim condensed financial statements.

Saudi Reinsurance Company (A Saudi Joint Stock Company)

INTERIM STATEMENT OF CASH FLOWS - REINSURANCE OPERATIONS

For the three month period ended 31 March 2016

	31 March 2016 (Unaudited) SR	31 March 2015 (Unaudited) SR
OPERATING ACTIVITIES		
Reinsurance operations' surplus after shareholders' appropriation	--	--
Adjustments to reconcile reinsurance operations' surplus after shareholders' appropriation to net cash from operating activities:		
Employees' end of service benefits	284,614	395,437
Depreciation	662,197	567,532
Realized (gains) on investments held at fair value through income statement	(620)	(14,941)
Unrealized (gains) on investments held at fair value through income statement	(1,057,511)	(1,135,444)
Losses from disposal of property and equipment	--	86,998
Retroceded share of unearned premiums	676,253	(1,165,804)
Gross unearned premiums	176,685,451	159,472,597
Shareholders' appropriation from reinsurance operations' deficit	(11,117,032)	(25,639,537)
Operating profit before changes in operating assets and liabilities	<u>166,133,352</u>	<u>132,566,838</u>
Changes in operating assets and liabilities:		
Premiums receivable, net	(139,452,591)	(2,890,353)
Accrued insurance premiums	(92,418,627)	(97,311,981)
Accrued special commission income form time deposits	(151,262)	(102,813)
Retroceded share of outstanding claims	(38,029,066)	1,834,469
Deferred acquisition costs	(57,726,412)	(34,123,202)
Deferred excess of loss premiums	7,067,117	7,283,600
Prepaid expenses and other assets	834,112	382,262
Accounts payable	(2,347,568)	11,113,476
Retrocession balances payable	1,471,079	8,346,005
Accrued retroceded premiums	(295,002)	118,751
Gross outstanding claims	150,050,760	(14,981,836)
Unearned commission income	(197,857)	152,123
Accrued expenses and other liabilities	222,240	1,764,853
Cash (used in) / from operations	<u>(4,839,725)</u>	<u>14,152,192</u>
Employees' end of service benefits paid	(52,408)	(238,956)
Net cash (used in) / from operating activities	<u>(4,892,133)</u>	<u>13,913,236</u>
INVESTING ACTIVITIES		
Purchase of property and equipment	(89,975)	(1,104,645)
Additions in investments held at fair value through income statement	--	(20,603,272)
Proceeds from disposal of property plant and equipment	--	331,887
Proceeds from investments held at fair value through income statement	6,000,000	37,211,049
Net cash from investing activities	<u>5,910,025</u>	<u>15,835,019</u>
FINANCING ACTIVITY		
Due from shareholders' operations	(2,648,652)	(21,656,816)
Net cash used in financing activity	<u>(2,648,652)</u>	<u>(21,656,816)</u>
(DECREASE) / INCREASE IN CASH AND BANK BALANCES	<u>(1,630,760)</u>	<u>8,091,439</u>
Cash and bank balances at the beginning of the period	<u>61,025,692</u>	<u>1,454,864</u>
CASH AND BANK BALANCES AT THE END OF THE PERIOD	<u>59,394,932</u>	<u>9,546,303</u>

The accompanying notes 1 to 16 form an integral part of these interim condensed financial statements.

Saudi Reinsurance Company (A Saudi Joint Stock Company)**INTERIM STATEMENT OF CASH FLOWS - SHAREHOLDERS' OPERATIONS**
For the three month period ended 31 March 2016

	31 March 2016 (Unaudited) SR	31 March 2015 (Unaudited) SR
OPERATING ACTIVITIES		
Net loss for the period	(17,700,607)	(9,315,028)
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation	219,735	194,252
Realized (gains) on investments held at fair value through income statement	(5,925)	(1,914,082)
Unrealized losses / (gains) on investments held at fair value through income statement	5,556,512	(14,761,823)
Shareholders' appropriation from reinsurance operations' deficit	11,117,032	25,639,537
Operating deficit before changes in operating assets and liabilities	(813,253)	(157,144)
Changes in operating assets and liabilities:		
Prepaid expenses and other assets	(417,760)	(638,710)
Return on investment of statutory deposit	(412,437)	(348,645)
Accrued expenses and other liabilities	(21,704)	653,466
Deferred return on investment of statutory deposit	412,437	348,645
Net cash used in operating activities	(1,252,717)	(142,388)
INVESTING ACTIVITIES		
Purchase of property and equipment	--	(132,317)
Accrued special commission income from time deposits	(515,646)	8,156
Accrued special commission income from bonds and sukuk	(410,963)	1,612,578
Additions in investments held at fair value through income statement	(27,076,005)	(73,355,180)
Proceeds from investments held at fair value through income statement	28,370,555	77,406,156
Time deposits, net	(25,314,051)	(21,000,000)
Proceeds from held to maturity investments	--	93,774,746
Net cash (used in) / from investing activities	(24,946,110)	78,314,139
FINANCING ACTIVITY		
Due to reinsurance operations	2,648,652	21,656,816
Net cash from financing activity	2,648,652	21,656,816
(DECREASE) / INCREASE IN CASH AND BANK BALANCES	(23,550,175)	99,828,567
Cash and bank balances at the beginning of the period	31,917,275	2,567,730
CASH AND BANK BALANCES AT THE END OF THE PERIOD	8,367,100	102,396,297



The accompanying notes 1 to 16 form an integral part of these interim condensed financial statements.

Saudi Reinsurance Company (A Saudi Joint Stock Company)

NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS

For the three month period ended 31 March 2016

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 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 period ended 31 March 2016 have been prepared in accordance with International Accounting Standard (IAS 34) – "Interim Financial Reporting".

The accompanying unaudited interim condensed financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual financial statements as at 31 December 2015.

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

Functional and presentation currency

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

Fiscal year

The Company follows a fiscal year ending December 31.

3. SIGNIFICANT ACCOUNTING POLICIES AND AMENDMENTS TO STANDARDS

The accounting policies used in the preparation of these unaudited interim condensed financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2015 except for the adoption of the following new standards and other amendments to existing standards mentioned below which have had an no significant financial impact on the unaudited interim condensed financial statements of the Company on the current period or prior period and is expected to have no significant effect in future periods.

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.

Saudi Reinsurance Company (A Saudi Joint Stock Company)

NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (continued) For the three month period ended 31 March 2016

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

Standards issued but not yet effective

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

IFRS 9 Financial Instruments

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

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

Disclosure initiative (Amendments to IAS 7)

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

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

IFRS 15 Revenue from contracts with customers

4. PREMIUM RECEIVABLES

	31 March 2016 (Unaudited) SR	31 December 2015 (Audited) SR
Premium receivable	337,216,834	197,764,243
Allowance for doubtful receivables	(2,622,336)	(2,622,336)
	<u>334,594,498</u>	<u>195,141,907</u>

5. TIME DEPOSITS

Time deposits are placed with banks which have good credit ratings in line with Company's investment policy 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 2.43% per annum (31 December 2015: 1.74% per annum).

6. STATUTORY DEPOSIT

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

Saudi Reinsurance Company (A Saudi Joint Stock Company)

NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (continued) For the three month period ended 31 March 2016

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 March 2016 (Unaudited)		31 December 2015 (Audited)	
	Reinsurance operations SR	Shareholders' operations SR	Reinsurance operations SR	Shareholders' operations SR
Money Market Funds	15,904,563	36,415,758	21,844,963	36,280,976
Investment Funds	--	50,000,000	--	25,000,000
Equities	--	135,539,400	--	175,235,360
Fixed-Rate Bonds/Sukuk	50,377,905	406,641,983	49,380,880	396,373,680
Floating-Rate Bonds/Sukuk	2,483,036	52,137,988	2,481,530	54,690,250
	68,765,504	680,735,129	73,707,373	687,580,266

ii. Determination of fair value and fair values hierarchy:

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

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

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

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

As at 31 March 2016 and 31 December 2015, all financial instruments under reinsurance operations' are measured at fair value and are classified as 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 March 2016 (Unaudited)			
	Level 1 SR	Level 2 SR	Level 3 SR	Total SR
Money Market Funds	36,415,758	--	--	36,415,758
Equities	135,539,400	--	--	135,539,400
Fixed-Rate Bonds/Sukuk	311,641,983	95,000,000	--	406,641,983
Floating-Rate Bonds/Sukuk	32,137,988	20,000,000	--	52,137,988
	515,735,129	115,000,000	--	630,735,129
	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
	565,080,266	97,500,000	--	662,580,266

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 March 2016 and year ended 31 December 2015.

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.

Saudi Reinsurance Company (A Saudi Joint Stock Company)

NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (continued) For the three month period ended 31 March 2016

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

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

	31 March 2016 (Unaudited)		31 December 2015 (Audited)	
	Reinsurance operations	Shareholders' operations	Reinsurance operations	Shareholders' operations
	SR	SR	SR	SR
Opening balance	73,707,373	687,580,266	124,911,737	732,671,564
Additions during the period / year	--	27,076,005	55,437,973	219,579,979
Disposals during the period / year	(6,000,000)	(28,370,555)	(107,894,039)	(256,879,577)
Unrealized gains / (losses)	1,057,511	(5,556,512)	1,324,820	(7,851,967)
Realized gains / (losses)	620	5,925	(73,118)	60,267
Closing balance	68,765,504	680,735,129	73,707,373	687,580,266

Investments under reinsurance and shareholders' operations include cash component of SR 3.4 million and SR 16.4 million respectively as at 31 March 2016 (31 December 2015: SR 4.1 million and SR 17.2 million respectively) available with external fund managers within the agreed investment guidelines.

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

	31 March 2016 (Unaudited)		
	Quoted SR	Unquoted SR	Total SR
<i>Shareholders' operations</i>			
Money Market Funds	36,415,758	--	36,415,758
Investment Funds	--	50,000,000	50,000,000
Equities	135,539,400	--	135,539,400
Fixed-Rate Bonds/Sukuk	311,641,983	95,000,000	406,641,983
Floating-Rate Bonds/Sukuk	32,137,988	20,000,000	52,137,988
	515,735,129	165,000,000	680,735,129
	31 December 2015 (Audited)		
	Quoted SR	Unquoted SR	Total SR
<i>Shareholders' operations</i>			
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 March 2016 and 31 December 2015, all financial instruments under reinsurance operations, which are measured at fair value, are quoted.

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

	Domestic		International		Total	
	31 March 2016 (Unaudited) SR	31 December 2015 (Audited) SR	31 March 2016 (Unaudited) SR	31 December 2015 (Audited) SR	31 March 2016 (Unaudited) SR	31 December 2015 (Audited) SR
	Reinsurance operations					
Money Market Funds	15,904,563	21,844,963	--	--	15,904,563	21,844,963
Fixed-Rate Bonds/Sukuk	--	3,913,426	50,377,905	45,467,454	50,377,905	49,380,880
Floating-Rate Bonds/Sukuk	--	--	2,483,036	2,481,530	2,483,036	2,481,530
Total	15,904,563	25,758,389	52,860,941	47,948,984	68,765,504	73,707,373

Saudi Reinsurance Company (A Saudi Joint Stock Company)

NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (continued) For the three month period ended 31 March 2016

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

	Domestic		International		Total	
	31 March 2016 (Unaudited) SR	31 December 2015 (Audited) SR	31 March 2016 (Unaudited) SR	31 December 2015 (Audited) SR	31 March 2016 (Unaudited) SR	31 December 2015 (Audited) SR
Shareholders' operations						
Money Market Funds	36,415,758	36,280,976	--	--	36,415,758	36,280,976
Investment Funds	50,000,000	25,000,000	--	--	50,000,000	25,000,000
Equities	49,289,816	78,742,056	86,249,584	96,493,304	135,539,400	175,235,360
Fixed-Rate Bonds/Sukuk	40,000,000	49,110,657	366,641,983	347,263,023	406,641,983	396,373,680
Floating-Rate Bonds/Sukuk	20,000,000	20,000,000	32,137,988	34,690,250	52,137,988	54,690,250
Total	195,705,574	209,133,689	485,029,555	478,446,577	680,735,129	687,580,266

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

8. NET CLAIMS PAID

	For the three month period ended	
	31 March 2016 (Unaudited) SR	31 March 2015 (Unaudited) SR
Gross claims paid	105,670,128	82,550,435
Retroceded share of claims paid	(3,926,136)	(1,420,613)
Net claims paid	101,743,992	81,129,822

9. UNEARNED PREMIUMS

	31 March 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	446,668,548	(18,468,458)	428,200,090
Premium earned	(269,983,097)	19,144,711	(250,838,386)
Change in unearned premiums	176,685,451	676,253	177,361,704
Closing balance	679,683,723	(6,687,206)	672,996,517
	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

Saudi Reinsurance Company (A Saudi Joint Stock Company)

NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

For the three month period ended 31 March 2016

10. RELATED PARTY TRANSACTIONS AND BALANCES

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

Related party	Nature of transactions	Amounts of transactions for the three month period ended		Balance as at	
		31 March 2016 (Unaudited) SR	31 March 2015 (Unaudited) SR	31 March 2016 (Unaudited) SR	31 December 2015 (Audited) SR
Board of Directors	Consulting fees	80,433	87,836	--	--
	Remunerations, meeting fees and expenses	133,408	114,825	310,128	249,000
Key management personnel	Short term benefits	2,898,352	2,818,340	283,614	961,500
	End of service benefits	97,320	150,283	1,104,373	1,007,143
Companies represented by the BOD members	Gross written premiums	3,474,518	2,117,084	2,990,443	2,987,653
	Claims incurred	2,472,243	622,458	7,367,387	6,378,454
	Commission	859,538	534,401	--	--

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 UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

For the three month period ended 31 March 2016

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, 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 take place.

	Engineering SR	Fire SR	Marine SR	Motor SR	General Accident SR	Life SR	Speciality SR	Others SR	Total SR
For the three month period ended 31 March 2016 (Unaudited)									
Reinsurance operations' results									
Gross written premiums	51,836,601	85,751,677	27,760,734	140,312,623	31,558,053	13,453,680	58,564,622	37,430,558	446,668,548
Retroceded premiums	(1,276,136)	(133,444)	(253,255)	--	(3,935)	--	--	(4,843)	(1,671,613)
Excess of loss expenses	(2,570,696)	(12,352,539)	(619,363)	--	(486,097)	(515,150)	--	(253,000)	(16,796,845)
Net written premiums	47,989,769	73,265,694	26,888,116	140,312,623	31,068,021	12,938,530	58,564,622	37,172,715	428,200,090
Change in net unearned premiums	(28,631,305)	(51,651,242)	(17,181,336)	19,749,745	(24,331,031)	(1,276,487)	(49,944,269)	(24,095,779)	(177,361,704)
Net earned premiums	19,358,464	21,614,452	9,706,780	160,062,368	6,736,990	11,662,043	8,620,353	13,076,936	250,838,386
Net claims paid	(7,058,607)	(34,652,565)	(4,782,278)	(25,290,641)	(2,784,811)	(21,925,259)	--	(5,249,831)	(101,743,992)
Change in net outstanding claims	3,943,274	8,819,193	2,139,580	(120,527,784)	(1,186,610)	(1,487,075)	(4,789,213)	1,066,945	(112,021,690)
Net claims incurred	(3,115,333)	(25,833,372)	(2,642,698)	(145,818,425)	(3,971,421)	(23,412,334)	(4,789,213)	(4,182,886)	(213,765,682)
Gross acquisition costs	(6,198,563)	(6,216,910)	(2,804,308)	(15,759,995)	(1,876,662)	(399,851)	(3,711,024)	(1,459,904)	(38,427,217)
Supervision and inspection fees	(259,183)	(428,758)	(138,804)	(701,563)	(157,790)	(67,268)	(292,823)	(187,154)	(2,233,343)
Commissions on retroceded business	341,996	173,228	139,319	--	36,116	--	--	10,852	701,511
Net acquisition costs	(6,115,750)	(6,472,440)	(2,803,793)	(16,461,558)	(1,998,336)	(467,119)	(4,003,847)	(1,636,206)	(39,959,049)
Net underwriting results	10,127,381	(10,691,360)	4,260,289	(2,217,615)	767,233	(12,217,410)	(172,707)	7,257,844	(2,886,345)

Saudi Reinsurance Company (A Saudi Joint Stock Company)

NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

For the three month period ended 31 March 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
For the three month period ended 31 March 2015 (Unaudited)									
Reinsurance operations' results									
Gross written premiums	34,211,903	68,380,577	32,524,590	10,227,019	25,575,474	8,859,343	44,879,611	19,095,594	243,754,111
Retroceded premiums	(1,883,368)	(1,007,543)	6,613	(4,435)	336,473	(365,191)	--	(64,044)	(2,981,495)
Excess of loss expenses	(2,317,040)	(11,569,213)	(354,315)	--	(2,704)	(430,013)	--	(1,122,291)	(15,795,576)
Net written premiums	30,011,495	55,803,821	32,176,888	10,222,584	25,909,243	8,064,139	44,879,611	17,909,259	224,977,040
Change in net unearned premiums	(22,256,569)	(37,954,660)	(16,875,440)	(7,877,318)	(17,694,160)	(4,640,059)	(41,139,643)	(9,868,945)	(158,306,794)
Net earned premiums	7,754,926	17,849,161	15,301,448	2,345,266	8,215,083	3,424,080	3,739,968	8,040,314	66,670,246
Net claims paid	(2,626,494)	(34,339,233)	(9,393,335)	(2,421,023)	(1,843,363)	(26,082,470)	--	(4,423,904)	(81,129,822)
Change in net outstanding claims	7,157,666	14,802,993	1,015,507	2,190,271	(1,599,987)	(5,756,826)	(2,126,820)	(2,535,435)	13,147,369
Net claims incurred	4,531,172	(19,536,240)	(8,377,828)	(230,752)	(3,443,350)	(31,839,296)	(2,126,820)	(6,959,339)	(67,982,453)
Gross acquisition costs	(3,205,202)	(6,262,278)	(4,528,220)	2,962,885	(2,346,206)	2,529,297	(1,782,125)	(763,651)	(13,395,500)
Supervision and inspection fees	(171,060)	(341,903)	(162,623)	(51,135)	(127,877)	(44,297)	(224,398)	(95,480)	(1,218,773)
Commissions on retroceded business	119,290	142,073	132,766	443	77,428	45,998	--	7,276	525,274
Net acquisition costs	(3,256,972)	(6,462,108)	(4,558,077)	2,912,193	(2,396,655)	2,530,998	(2,006,523)	(851,855)	(14,088,999)
Net underwriting results	9,029,126	(8,149,187)	2,365,543	5,026,707	2,375,078	(25,884,218)	(393,375)	229,120	(15,401,206)
	Engineering SR	Fire SR	Marine SR	Motor SR	General Accident SR	Life SR	Speciality SR	Others SR	Total SR
As at 31 March 2016 (Unaudited)									
Segment assets	161,997,250	276,001,471	81,871,349	307,007,153	72,482,907	57,485,418	93,252,824	85,148,899	1,135,247,271
Segment liabilities	243,863,932	404,441,409	79,410,306	444,342,019	74,669,241	70,052,395	93,901,838	118,993,707	1,529,674,847
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 Reinsurance Company (A Saudi Joint Stock Company)

NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

For the three month period ended 31 March 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 March 2016 (Unaudited)						
Reinsurance operations' results						
Gross written premiums	244,085,246	40,910,559	19,210,950	83,897,170	58,564,623	446,668,548
Retroceded premiums	(1,485,812)	(113,001)	(72,800)	--	--	(1,671,613)
Excess of loss expenses	(5,901,574)	(8,498,836)	(1,108,865)	(1,287,570)	--	(16,796,845)
Net written premiums	236,697,860	32,298,722	18,029,285	82,609,600	58,564,623	428,200,090
Change in net unearned premiums	(35,249,774)	(19,356,024)	(13,482,892)	(59,328,742)	(49,944,272)	(177,361,704)
Net earned premiums	201,448,086	12,942,698	4,546,393	23,280,858	8,620,351	250,838,386
Net claims paid	(71,150,804)	(9,850,054)	(5,301,741)	(15,441,393)	--	(101,743,992)
Change in net outstanding claims	(95,175,917)	(20,395,218)	1,653,309	6,685,349	(4,789,213)	(112,021,690)
Net claims incurred	(166,326,721)	(30,245,272)	(3,648,432)	(8,756,044)	(4,789,213)	(213,765,682)
Gross acquisition costs	(26,671,115)	(4,458,746)	(964,857)	(2,621,475)	(3,711,024)	(38,427,217)
Supervision and inspection fees	(1,220,423)	(204,557)	(96,055)	(419,485)	(292,823)	(2,233,343)
Commissions on retroceded business	652,402	33,708	15,401	--	--	701,511
Net acquisition costs	(27,239,136)	(4,629,595)	(1,045,511)	(3,040,960)	(4,003,847)	(39,959,049)
Net underwriting results	7,882,229	(21,932,169)	(147,550)	11,483,854	(172,709)	(2,886,345)

	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 March 2015 (Unaudited)

Reinsurance operations' results

Gross written premiums	97,947,221	37,140,328	16,361,557	47,425,251	44,879,754	243,754,111
Retroceded premiums	(2,572,425)	(411,388)	2,318	--	--	(2,981,495)
Excess of loss expenses	(11,111,583)	(734,767)	(2,177,008)	(1,772,218)	--	(15,795,576)
Net written premiums	84,263,213	35,994,173	14,186,867	45,653,033	44,879,754	224,977,040
Change in net unearned premiums	(53,587,826)	(21,284,778)	(17,485,584)	(24,808,894)	(41,139,712)	(158,306,794)
Net earned premiums	30,675,387	14,709,395	(3,298,717)	20,844,139	3,740,042	66,670,246
Net claims paid	(49,739,766)	(11,435,153)	(4,588,836)	(15,366,067)	--	(81,129,822)
Change in net outstanding claims	3,864,573	12,738,501	(7,217,424)	5,888,535	(2,126,816)	13,147,369
Net claims incurred	(45,875,193)	1,303,348	(11,806,260)	(9,477,532)	(2,126,816)	(67,982,453)
Gross acquisition costs	(5,210,433)	(4,964,380)	2,683,694	(4,122,246)	(1,782,135)	(13,395,500)
Supervision and inspection fees	(489,736)	(185,702)	(81,808)	(237,127)	(224,400)	(1,218,773)
Commissions on retroceded business	430,687	94,236	351	--	--	525,274
Net acquisition costs	(5,269,482)	(5,055,846)	2,602,237	(4,359,373)	(2,006,535)	(14,088,999)
Net underwriting results	(20,469,288)	10,956,897	(12,502,740)	7,007,234	(393,309)	(15,401,206)

Saudi Reinsurance Company (A Saudi Joint Stock Company)

NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

For the three month period ended 31 March 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 March 2016 (Unaudited)						
Reinsurance operations						
Segment assets	605,621,851	149,590,042	57,779,514	229,528,275	92,727,589	1,135,247,271
Segment liabilities	844,213,949	237,472,399	72,387,563	282,760,430	92,840,506	1,529,674,847
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 March 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. The Company also has deposited SR 41,218,157 (31 December 2015: SR 42,034,793) as recoverable deposit with Lloyds for its participation in a Lloyds Syndicate for 2015 and 2016 underwriting years. Upon issuance of the Standby Letter of Credit the deposit with Lloyds will be withdrawn. Further, the office premises related refundable deposit amounts to SR 103,750 (31 December 2015: SR 103,750).

13. BASIC AND DILUTED LOSSES PER SHARE

Basic and diluted losses per share for the three month period ended 31 March 2016 and 2015 have been calculated by dividing net loss 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. COMPARATIVE FIGURES

Certain figures for the prior period have been reclassified to conform to the presentation made in the current period, however the impact of such reclassifications was not material to the overall presentation of the condensed financial statements.

16. APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

These interim condensed financial statements have been approved by the Board of Directors on 12 Rajab 1437H corresponding to 19 April 2016.