
SAUDI REINSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

**UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REVIEW REPORT
FOR THE THREE AND TWELVE MONTH PERIODS ENDED 31 DECEMBER 2015**

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

For The Three And Twelve Month Periods Ended 31 December 2015

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KPMG Al Fozan & Partners



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 December 2015 and the interim statement of income - reinsurance operations and accumulated surplus, interim statement of income - shareholders' operations and interim statement of comprehensive income - shareholders' operations for the three month and twelve month periods then ended and the interim statements of changes in shareholders' equity, reinsurance operations cash flows and shareholders' cash flows for the twelve month period then ended and the related notes 1 through 15 which form an integral part of these interim condensed financial statements. These interim condensed financial statements are the responsibility of the Company's management and have been prepared by them in accordance with International Accounting Standard – 34 "Interim Financial Reporting" (IAS 34) and submitted to us together with all the information and explanations which we required.

We conducted our review in accordance with the Standard on Review of Interim Financial Reporting issued by the Saudi Organization for Certified Public Accountants (SOCPA). A review consists principally of applying analytical procedures to financial data and information and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with 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.

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11 Rabi Al Thani 1437H
(21 January 2016)

Saudi Reinsurance Company (A Saudi Joint Stock Company)

INTERIM STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

	<i>Notes</i>	31 December 2015 (Unaudited) SR	31 December 2014 (Audited) SR
<u>REINSURANCE OPERATIONS' ASSETS</u>			
Cash and cash equivalents		61,025,692	1,454,864
Time deposits	5	35,218,332	13,125,000
Premium receivables, net	4	195,141,907	112,739,098
Investments held at fair value through income statement	7	73,707,373	124,911,737
Accrued insurance premiums		440,823,628	220,186,253
Retroceded share of unearned premiums		7,363,459	2,080,440
Deferred excess of loss premiums		17,389,664	17,311,815
Retroceded share of outstanding claims		60,496,840	105,139,646
Deferred acquisition costs		94,148,447	63,512,581
Prepaid expenses and other assets		91,293,455	28,113,134
Due from shareholders' operations		130,783,161	188,019,813
Property and equipment, net		5,455,845	6,269,040
TOTAL REINSURANCE OPERATIONS' ASSETS		1,212,847,803	882,863,421
<u>SHAREHOLDERS' ASSETS</u>			
Cash and cash equivalents		31,917,275	26,567,730
Time deposits	5	118,849,000	--
Accrued special commission income from time deposits		540,411	70,035
Accrued special commission income from bonds and sukuk		2,220,485	3,703,766
Investments held at fair value through income statement	7	687,580,266	732,671,564
Held to maturity investments	8	--	145,470,427
Prepaid expenses and other assets		405,990	7,100,713
Statutory deposit	6	107,592,394	100,000,000
Property and equipment, net		32,998,857	33,521,502
TOTAL SHAREHOLDERS' ASSETS		982,104,678	1,049,105,737
TOTAL ASSETS		2,194,952,481	1,931,969,158
<u>REINSURANCE OPERATIONS' LIABILITIES AND SURPLUS</u>			
Accounts payable		10,101,722	22,617,656
Retrocession balances payable		14,927,181	4,173,060
Accrued retroceded premiums		354,467	1,129,253
Gross unearned premiums		502,998,272	238,458,639
Gross outstanding claims		674,119,737	609,842,291
Unearned commission income		1,806,605	749,782
Accrued expenses and other liabilities		4,185,212	2,479,662
Employees' end of service benefits		3,164,713	2,481,001
TOTAL REINSURANCE OPERATIONS' LIABILITIES		1,211,657,909	881,931,344
<u>REINSURANCE OPERATIONS' SURPLUS</u>			
Accumulated surplus		1,189,894	932,077
TOTAL REINSURANCE OPERATIONS' LIABILITIES AND SURPLUS		1,212,847,803	882,863,421
<u>SHAREHOLDERS' LIABILITIES AND EQUITY</u>			
<u>SHAREHOLDERS' LIABILITIES</u>			
Provision for zakat and income tax		39,418,724	35,441,642
Due to reinsurance operations		130,783,161	188,019,813
Accrued expenses and other liabilities		9,766,069	8,219,064
TOTAL SHAREHOLDERS' LIABILITIES		179,967,954	231,680,519
<u>SHAREHOLDERS' EQUITY</u>			
Share capital		1,000,000,000	1,000,000,000
Statutory reserve		6,070,924	6,070,924
Accumulated deficit		(203,934,200)	(188,645,706)
TOTAL SHAREHOLDERS' EQUITY		802,136,724	817,425,218
TOTAL SHAREHOLDERS' LIABILITIES AND EQUITY		982,104,678	1,049,105,737
TOTAL REINSURANCE OPERATIONS' LIABILITIES, SURPLUS, SHAREHOLDERS' LIABILITIES AND EQUITY		2,194,952,481	1,931,969,158

The accompanying notes 1 to 15 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 and twelve month periods ended 31 December 2015

	For the three month period ended		For the twelve month period ended	
	31 December 2015 (Unaudited) SR	31 December 2014 (Unaudited) SR	31 December 2015 (Unaudited) SR	31 December 2014 (Audited) SR
Gross written premiums	61,188,363	33,966,614	804,825,788	556,290,140
Retroceded premiums	(2,822,663)	(885,098)	(12,177,198)	(6,101,192)
Excess of loss expenses	(6,709,917)	(11,816,157)	(37,856,616)	(35,594,574)
Net written premiums	51,655,783	21,265,359	754,791,974	514,594,374
Change in unearned premiums, net	110,631,006	96,123,598	(259,256,614)	(23,697,283)
Net earned premiums	162,286,789	117,388,957	495,535,360	490,897,091
Net claims paid	9 (40,826,953)	(55,222,336)	(230,562,501)	(215,695,818)
Change in outstanding claims, net	(32,376,769)	(27,799,232)	(108,920,252)	(185,314,716)
Net claims incurred	(73,203,722)	(83,021,568)	(339,482,753)	(401,010,534)
Change in premium deficiency reserve	--	5,638,269	--	26,167,000
Gross acquisition costs	(35,213,582)	(27,488,042)	(114,532,891)	(103,811,400)
Supervision and inspection fees	(305,942)	(169,833)	(4,024,129)	(2,781,451)
Commissions on retroceded business	1,431,457	(546,716)	2,773,928	1,948,180
Net acquisition costs	(34,088,067)	(28,204,591)	(115,783,092)	(104,644,671)
Surplus from reinsurance operations	54,995,000	11,801,067	40,269,515	11,408,886
Special commission income from time deposits	102,459	70,001	201,992	70,001
Realized (losses) / gains on investments held at fair value through income statement	7 (88,059)	225,850	(73,118)	225,850
Unrealized (losses) / gains on investments held at fair value through income statement	7 (130,683)	350,536	1,324,820	2,430,636
Other income	--	--	216,469	59,100
Investment management expenses	(87,183)	(97,927)	(315,456)	(240,395)
General and administrative expenses	(8,100,263)	(3,720,151)	(36,545,448)	(23,351,086)
Foreign exchange loss	(148,892)	--	(2,500,599)	--
Net surplus / (deficit) from reinsurance operations	46,542,379	8,629,376	2,578,175	(9,397,008)
Shareholders' appropriation from reinsurance operations' (surplus) / deficit	2 (46,284,562)	(8,629,376)	(2,320,358)	9,397,008
Reinsurance operations' surplus after shareholders' appropriation	257,817	--	257,817	--
Accumulated surplus at the beginning of the period	932,077	932,077	932,077	932,077
Accumulated surplus at the end of the period	1,189,894	932,077	1,189,894	932,077

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

Saudi Reinsurance Company (A Saudi Joint Stock Company)
INTERIM STATEMENT OF INCOME - SHAREHOLDERS' OPERATIONS
For the three and twelve month periods ended 31 December 2015

	For the three month period ended		For the twelve month period ended	
	31 December 2015 (Unaudited) SR	31 December 2014 (Unaudited) SR	31 December 2015 (Unaudited) SR	31 December 2014 (Audited) SR
Special commission income from time deposits	314,949	104,841	582,899	842,499
Special commission income from bonds and sukuk	272,953	1,945,124	4,392,662	8,369,809
Realized gains on investments held at fair value through income statement	7 1,010,592	57	3,747,766	1,281,183
Unrealized (losses) / gains on investments held at fair value through income statement	7 (1,232,361)	(13,379,827)	(6,961,324)	29,626,814
Realized gains on investments held to maturity	8 --	--	6,032,940	--
Other income	--	--	2,717	248,129
Total investment income / (loss)	366,133	(11,329,805)	7,797,660	40,368,434
General and administrative expenses	(1,682,119)	(3,122,272)	(5,271,929)	(14,947,416)
Investment management expenses	(664,697)	(715,852)	(3,000,497)	(3,076,970)
Board of directors' remunerations, meeting fees and expenses	(185,998)	(115,736)	(1,647,862)	(1,558,388)
Foreign exchange translation losses	(69,599)	--	(91,415)	(549,778)
Shareholders' appropriation from reinsurance operations' surplus / (deficit)	2 46,284,562	8,629,376	2,320,358	(9,397,008)
Net income / (loss) for the period	44,048,282	(6,654,289)	106,315	10,838,874
Basic and diluted earnings / (losses) per share for the period	13 0.440	(0.067)	0.001	0.108
Weighted average number of issued and outstanding shares	100,000,000	100,000,000	100,000,000	100,000,000

The accompanying notes 1 to 15 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 and twelve month periods ended 31 December 2015

	For the three month period ended		For the twelve month period ended	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	SR	SR	SR	SR
Net income / (loss) for the period	44,048,282	(6,654,289)	106,315	10,838,874
Total comprehensive income / (loss) for the period	44,048,282	(6,654,289)	106,315	10,838,874

The accompanying notes 1 to 15 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 twelve month period ended 31 December 2015

	GCC Shareholders and General Public			Non - GCC Shareholders			Total			
	Share capital SR	Statutory reserve SR	Accumulated deficit SR	Share capital SR	Statutory reserve SR	(Accumulated deficit) / Retained earnings SR	Share capital SR	Statutory reserve SR	Accumulated deficit SR	Total SR
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 period	(2,426,000)	(14,728)	(2,440,728)	2,426,000	14,728	2,440,728	--	--	--	--
Net income for the period	--	--	10,558,711	--	--	280,163	--	--	10,838,874	10,838,874
Zakat and income tax	--	--	(15,185,679)	--	--	--	--	--	(15,185,679)	(15,185,679)
Balance as at 31 December 2014 (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
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 income for the period	--	--	103,773	--	--	2,542	--	--	106,315	106,315
Zakat and income tax	--	--	(15,376,199)	--	--	(18,610)	--	--	(15,394,809)	(15,394,809)
Balance as at 31 December 2015 (Unaudited)	974,152,000	5,914,003	(204,507,637)	25,848,000	156,921	573,437	1,000,000,000	6,070,924	(203,934,200)	802,136,724

The accompanying notes 1 to 15 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 twelve month period ended 31 December 2015

	Notes	31 December 2015 (Unaudited) SR	31 December 2014 (Audited) SR
OPERATING ACTIVITIES			
Reinsurance operations' surplus after shareholders' appropriation		257,817	--
Adjustments to reconcile reinsurance operations' surplus after shareholders' appropriation to net cash from operating activities:			
Employees' end of service benefits		1,179,626	1,099,217
Depreciation		2,388,828	2,082,527
Realized loss / (gains) on investments held at fair value through income statement	7	73,118	(225,850)
Unrealized gains on investments held at fair value through income statement	7	(1,324,820)	(2,430,636)
(Profit) / loss from disposal of property and equipment		(86,998)	791,508
Retroceded share of unearned premiums		(5,283,019)	263,711
Gross unearned premiums		264,539,633	23,433,572
Shareholders' appropriation from reinsurance operations' surplus / (deficit)		2,320,358	(9,397,008)
Operating profit before changes in operating assets and liabilities		264,064,543	15,617,041
Changes in operating assets and liabilities:			
Premiums receivable, net		(82,402,809)	(42,246,475)
Accrued insurance premiums		(220,637,375)	(55,317,073)
Retroceded share of outstanding claims		44,642,806	(251,071)
Deferred acquisition costs		(30,635,866)	(9,066,652)
Deferred excess of loss premiums		(77,849)	(1,594,867)
Prepaid expenses and other assets		(63,180,321)	(27,044,132)
Accounts payable		(12,515,934)	14,474,608
Retrocession balances payable		10,754,121	(3,442,463)
Accrued retroceded premiums		(774,786)	(3,333,874)
Gross outstanding claims		64,277,446	185,565,787
Premium deficiency reserves		--	(26,167,000)
Unearned commission income		1,056,823	(61,112)
Accrued expenses and other liabilities		1,705,550	(3,443,727)
Cash (used in) / from operations		(23,723,651)	43,688,990
Employees' end of service benefits paid		(495,914)	(338,860)
Net cash (used in) / from operating activities		(24,219,565)	43,350,130
INVESTING ACTIVITIES			
Purchase of property and equipment		(2,643,928)	(1,838,954)
Additions in investments held at fair value through income statement	7	(55,437,973)	(83,847,393)
Proceeds from disposal of property plant and equipment		1,155,293	32,998
Proceeds from investments held at fair value through income statement	7	107,894,039	56,921,301
Time deposits, net		(22,093,332)	(13,125,000)
Net cash from / (used in) investing activities		28,874,099	(41,857,048)
FINANCING ACTIVITY			
Due from shareholders' operations		54,916,294	(5,306,856)
Net cash from / (used in) financing activity		54,916,294	(5,306,856)
INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		59,570,828	(3,813,774)
Cash and cash equivalents at the beginning of the period		1,454,864	5,268,638
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		61,025,692	1,454,864

The accompanying notes I to 15 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 twelve month period ended 31 December 2015

	<i>Notes</i>	31 December 2015 (Unaudited) SR	31 December 2014 (Audited) SR
OPERATING ACTIVITIES			
Net income for the period		106,315	10,838,874
Adjustments to reconcile net income to net cash used in operating activities:			
Depreciation		808,506	683,544
Realized gains on investments held at fair value through income statement	7	(3,747,766)	(1,281,183)
Unrealized loss / (gain) on investments held at fair value through income statement	7	6,961,324	(29,626,814)
Shareholders' appropriation from reinsurance operations' (surplus) / deficit		(2,320,358)	9,397,008
Operating profit / (deficit) before changes in operating assets and liabilities		<u>1,808,021</u>	<u>(9,988,571)</u>
Changes in operating assets and liabilities:			
Prepaid expenses and other assets		6,694,723	(1,362,594)
Accrued expenses and other liabilities		1,547,005	1,577,895
Accounts payable		--	(500,000)
Statutory deposit		(7,592,394)	--
Zakat and income tax paid		(11,417,727)	(12,928,635)
Net cash used in operating activities		<u>(8,960,372)</u>	<u>(23,201,905)</u>
INVESTING ACTIVITIES			
Purchase of property and equipment		(285,861)	(1,213,304)
Accrued special commission income from time deposits		(470,376)	970,206
Accrued special commission income from bonds and sukuk		1,483,281	(408,608)
Additions in investments held at fair value through income statement	7	(231,789,897)	(259,845,023)
Proceeds from investments held at fair value through income statement	7	273,667,637	153,261,010
Time deposits, net		(118,849,000)	37,500,000
Proceeds from held to maturity investments	8	145,470,427	28,524,982
Net cash from / (used in) investing activities		<u>69,226,211</u>	<u>(41,210,737)</u>
FINANCING ACTIVITY			
Due to reinsurance operations		(54,916,294)	5,306,856
Net cash (used in) / from financing activity		<u>(54,916,294)</u>	<u>5,306,856</u>
INCREASE / (DECREASE) IN CASH AND BANK BALANCES		5,349,545	(59,105,786)
Cash and bank balances at the beginning of the period		<u>26,567,730</u>	<u>85,673,516</u>
CASH AND BANK BALANCES AT THE END OF THE PERIOD		<u>31,917,275</u>	<u>26,567,730</u>

The accompanying notes 1 to 15 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 period ended 31 December 2015

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

Statement of compliance

The unaudited interim condensed financial statements for the three month and twelve month periods ended 31 December 2015 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 2014.

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

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

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

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 2014 except for the adoption of the following new standards and other amendments to existing standards mentioned below which have had an no significant financial impact on the unaudited interim condensed financial statements of the Company on the current period or prior period and is expected to have no significant effect in future periods. Certain figures for the prior year have been reclassified to conform to the presentation made in the current year:

New and amended standards issued and adopted

- Amendments to IAS 19 applicable for annual periods beginning on or after 1 July 2014 is applicable to defined benefit plans involving contribution from employees and / or third parties. This provides relief, based on meeting certain criteria’s, from the requirements proposed in the amendments of 2011 for attributing employee / third party contributions to periods of service under the plan benefit formula or on a straight line basis. The current amendment gives an option, if conditions satisfy, to reduce service cost in period in which the related service is rendered.

Saudi Reinsurance Company (A Saudi Joint Stock Company)

NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

For the period ended 31 December 2015

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

- Annual improvements to IFRS 2010-2012 and 2011-2013 cycle applicable for annual periods beginning on or after 1 July 2014. A summary of the amendments is contained as under:

IFRS 2 amended to clarify the definition of ‘vesting condition’ by separately defining ‘performance condition’ and ‘service condition’.

IFRS 3 – “business combinations” amended to clarify the classification and measurement of contingent consideration in a business combination. It has been further amended to clarify that the standard does not apply to the accounting for the formation of all types of joint arrangements in IFRS 11.

IFRS 8 – “operating segments” has been amended to explicitly require disclosure of judgments made by management in applying aggregation criteria.

IFRS 13 has been amended to clarify measurement of interest free short term receivables and payables at their invoiced amount without discounting, if the effect of discounting is immaterial. It has been further amended to clarify that the portfolio exception potentially applies to contracts in the scope of IAS 39 and IFRS 9 regardless of whether they meet the definition of a financial asset or financial liability under IAS 32.

IAS 16 – “Property plant and equipment” and IAS 38 – “intangible assets”: – the amendments clarify the requirements of revaluation model recognizing that the restatement of accumulated depreciation (amortisation) is not always proportionate to the change in the gross carrying amount of the asset.

IAS 24 – “related party disclosures” – the definition of a related party is extended to include a management entity that provides key management personnel services to the reporting entity, either directly or indirectly.

IAS 40 – “investment property” clarifies that an entity should assess whether an acquired property is an investment property under IAS 40 and perform a separate assessment under IFRS 3 to determine whether the acquisition constitutes a business combination.

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 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.

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 period ended 31 December 2015

4. PREMIUM RECEIVABLES, NET

	31 December 2015	31 December 2014
	(Unaudited)	(Audited)
	SR	SR
Premium receivable	197,764,243	116,296,386
Allowance for doubtful receivables	(2,622,336)	(3,557,288)
	195,141,907	112,739,098

5. TIME DEPOSITS

Time deposits are placed with banks which have good credit ratings inline 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 1.74% per annum (31 December 2014: 0.39% per annum).

6. STATUTORY DEPOSIT

The Company has deposited an amount of SR 100 million (31 December 2014: 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. Further, this account also include special commission income of SR 7,592,394 earned on the statutory deposit.

7. INVESTMENTS HELD AT FAIR VALUE THROUGH INCOME STATEMENT

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

	31 December 2015		31 December 2014	
	(Unaudited)		(Audited)	
Investments in:	Reinsurance operations	Shareholders' operations	Reinsurance operations	Shareholders' operations
	SR	SR	SR	SR
- Bonds	51,862,410	353,563,972	51,142,163	309,705,257
- Equities	--	175,235,412	--	185,778,294
- Funds	21,844,963	61,280,882	73,769,574	197,150,944
- Sukuk	--	97,500,000	--	40,037,069
Total investments	73,707,373	687,580,266	124,911,737	732,671,564

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.

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NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

For the period ended 31 December 2015

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

As at 31 December 2015 and 31 December 2014, all financial instruments under reinsurance operations which are measured at fair value are Level 1 instruments. The following table shows an analysis of financial instruments under shareholders' operations measured at fair value by level of the fair value hierarchy:

Investments in:	31 December 2015 (Unaudited)			
	Level 1 SR	Level 2 SR	Level 3 SR	Total SR
- Bonds	353,563,972	--	--	353,563,972
- Equities	175,235,412	--	--	175,235,412
- Funds	36,280,882	--	--	36,280,882
- Sukuk	--	97,500,000	--	97,500,000
	<u>565,080,266</u>	<u>97,500,000</u>	<u>--</u>	<u>662,580,266</u>
	31 December 2014 (Audited)			
Investments in:	Level 1 SR	Level 2 SR	Level 3 SR	Total SR
- Bonds	309,705,257	--	--	309,705,257
- Equities	185,778,294	--	--	185,778,294
- Funds	172,150,944	--	--	172,150,944
- Sukuk	--	40,037,069	--	40,037,069
	<u>667,634,495</u>	<u>40,037,069</u>	<u>--</u>	<u>707,671,564</u>

The fair value of sukuk portfolio was determined using valuation techniques that require inputs observable from the market. The unlisted real estate fund amounting to SR 25,000,000 (2014: SR 25,000,000) was stated at cost in the absence of active market or other means of reliably measuring their fair value.

- iii. There were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements during the period ended 31 December 2015 and period ended 31 December 2014.
- iv. The movements of investments held at fair value through income statement are as follows:

	For the twelve month period ended 31 December 2015 (Unaudited)		For the twelve month period ended 31 December 2014 (Audited)	
	Reinsurance operations SR	Shareholders' operations SR	Reinsurance operations SR	Shareholders' operations SR
Opening balance	124,911,737	732,671,564	95,329,159	595,179,554
Additions during the period	55,437,973	231,789,897	83,847,393	259,845,023
Disposals during the period	(107,894,039)	(273,667,637)	(56,921,301)	(153,261,010)
Unrealized gains / (losses)	1,324,820	(6,961,324)	2,430,636	29,626,814
Realized (losses) / gains	(73,118)	3,747,766	225,850	1,281,183
Closing balance	<u>73,707,373</u>	<u>687,580,266</u>	<u>124,911,737</u>	<u>732,671,564</u>

Investments held by reinsurance and shareholders' operations include SR 4.1 million and SR 17.2 million respectively as at 31 December 2015 (31 December 2014: SR 6.7 million and SR 20 million respectively) and cash deposits with reputable banks which are placed by the Company with the asset managers and are independently operated by them. These funds are expected to be invested in the subsequent periods.

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NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

For the period ended 31 December 2015

8. HELD TO MATURITY INVESTMENTS

The Company sold all its held to maturity investments which resulted in a realized gain of SR 6 million. The related maturity of these investments was in 2020. Since the above investments have been sold early before the related maturity therefore, the Company is subject to tainting rule as per IAS 39 under which the Company is prohibited from using the held to maturity classification for two consecutive financial years i.e. 2016 and 2017.

9. NET CLAIMS PAID

	For the three month period ended		For the twelve month period ended	
	31 December 2015 (Unaudited) SR	31 December 2014 (Unaudited) SR	31 December 2015 (Unaudited) SR	31 December 2014 (Audited) SR
Gross claims paid	71,032,601	57,002,463	282,426,047	242,980,550
Retroceded share of claims paid	(30,205,648)	(1,780,127)	(51,863,546)	(27,284,732)
Net claims paid	40,826,953	55,222,336	230,562,501	215,695,818

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 twelve month period ended		Balance as at	
		31 December 2015 (Unaudited) SR	31 December 2014 (Audited) SR	31 December 2015 (Unaudited) SR	31 December 2014 (Audited) SR
Board of Directors	Consulting fees	332,083	383,376	--	--
	Remunerations, meeting fees and expenses	1,647,862	1,558,388	249,000	204,000
Key management personnel	Short term benefits	8,414,996	7,452,824	961,500	700,000
	End of service benefits	362,841	357,091	1,007,143	741,820
Companies represented by the BOD members	Gross written premiums	8,095,043	6,172,269	887,634	4,644,525
	Claims incurred	2,533,137	934,749	6,378,454	5,892,390
	Commission	1,951,698	1,561,007	--	--

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

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

For the period ended 31 December 2015

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

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For the period ended 31 December 2015

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

Saudi Reinsurance Company (A Saudi Joint Stock Company)

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

For the period ended 31 December 2015

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

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

For the period ended 31 December 2015

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 twelve month period ended 31 December 2014 (Audited)									
Reinsurance operations' results									
Gross written premiums	87,406,366	212,311,444	55,227,018	24,980,693	37,435,789	97,019,188	--	41,909,642	556,290,140
Retroceded premiums	(6,674,174)	154,867	315,845	--	25,947	(506)	--	76,829	(6,101,192)
Excess of loss expenses	(7,210,479)	(23,582,591)	(1,192,307)	(390,013)	(411,886)	(1,929,474)	--	(877,824)	(35,594,574)
Net written premiums	73,521,713	188,883,720	54,350,556	24,590,680	37,049,850	95,089,208	--	41,108,647	514,594,374
Change in net unearned premiums	(4,356,054)	(23,884,961)	(3,446,679)	17,607,701	(4,347,957)	(1,116,661)	--	(4,152,672)	(23,697,283)
Net earned premiums	69,165,659	164,998,759	50,903,877	42,198,381	32,701,893	93,972,547	--	36,955,975	490,897,091
Net claims paid	(13,721,735)	(95,545,903)	(12,942,772)	(22,499,600)	(2,043,693)	(49,172,597)	--	(19,769,518)	(215,695,818)
Change in net outstanding claims	(50,486,473)	(38,998,892)	(17,521,205)	(18,815,702)	(10,246,289)	(17,953,499)	--	(31,292,656)	(185,314,716)
Net claims incurred	(64,208,208)	(134,544,795)	(30,463,977)	(41,315,302)	(12,289,982)	(67,126,096)	--	(51,062,174)	(401,010,534)
Change in premium deficiency reserve	(3,685,000)	37,192,000	(1,219,349)	5,538,000	(1,734,000)	(8,133,000)	--	(1,791,651)	26,167,000
Gross acquisition costs	(19,562,216)	(48,767,601)	(14,793,645)	(6,450,577)	(8,197,800)	(3,454,822)	--	(2,584,739)	(103,811,400)
Commissions on retroceded business	1,846,964	111,591	(194,395)	--	177,817	14,553	--	(8,350)	1,948,180
Supervision and inspection fees	(437,032)	(1,061,557)	(276,135)	(124,903)	(187,179)	(485,096)	--	(209,549)	(2,781,451)
Net acquisition costs	(18,152,284)	(49,717,567)	(15,264,175)	(6,575,480)	(8,207,162)	(3,925,365)	--	(2,802,638)	(104,644,671)
Net underwriting results	(16,879,833)	17,928,397	3,956,376	(154,401)	10,470,749	14,788,086	--	(18,700,488)	11,408,886

Saudi Reinsurance Company (A Saudi Joint Stock Company)

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

For the period ended 31 December 2015

11. SEGMENTAL INFORMATION (continued)

11.1 Business segments (continued)

	Engineering SR	Fire SR	Marine SR	Motor SR	General Accident SR	Life SR	Speciality SR	Others SR	Total SR
As at 31 December 2015 (Unaudited)									
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
As at 31 December 2014 (Audited)									
Segment assets	113,114,275	219,791,772	51,230,751	13,472,020	26,947,223	70,577,546	--	25,836,246	520,969,833
Segment liabilities	207,461,414	393,224,537	63,143,310	49,731,040	36,993,159	61,017,335	--	65,399,886	876,970,681

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

For the period ended 31 December 2015

11. SEGMENTAL INFORMATION (continued)

11.2 Geographical segments

	Kingdom of Saudi Arabia SR	Other Middle Eastern Countries SR	Africa SR	Asia SR	Other territories SR	Total SR
For the three month period ended 31 December 2015 (Unaudited)						
Reinsurance operations' results						
Gross written premiums	35,217,657	10,942,673	(187,187)	15,215,220	--	61,188,363
Retroceded premiums	(2,360,835)	(420,889)	(40,927)	(12)	--	(2,822,663)
Excess of loss expenses	(4,667,491)	(1,481,750)	(285,265)	(275,411)	--	(6,709,917)
Net written premiums	28,189,331	9,040,034	(513,379)	14,939,797	--	51,655,783
Change in net unearned premiums	65,571,209	13,443,422	8,524,311	19,352,098	3,739,966	110,631,006
Net earned premiums	93,760,540	22,483,456	8,010,932	34,291,895	3,739,966	162,286,789
Net claims paid	(20,435,792)	(10,357,573)	(6,664,241)	(3,369,347)	--	(40,826,953)
Change in net outstanding claims	(18,265,833)	1,221,399	4,498,184	(17,703,751)	(2,126,768)	(32,376,769)
Net claims incurred	(38,701,625)	(9,136,174)	(2,166,057)	(21,073,098)	(2,126,768)	(73,203,722)
Change in premium deficiency reserve	--	--	--	--	--	--
Gross acquisition costs	(17,217,904)	(6,798,644)	(2,643,052)	(6,774,615)	(1,779,367)	(35,213,582)
Supervision and inspection fees	(176,088)	(54,713)	936	(76,077)	--	(305,942)
Commissions on retroceded business	1,275,186	149,256	9,760	(2,745)	--	1,431,457
Net acquisition costs	(16,118,806)	(6,704,101)	(2,632,356)	(6,853,437)	(1,779,367)	(34,088,067)
Net underwriting results	38,940,109	6,643,181	3,212,519	6,365,360	(166,169)	54,995,000
	Kingdom of Saudi Arabia SR	Other Middle Eastern Countries SR	Africa SR	Asia SR	Other territories SR	Total SR

For the three month period ended 31 December 2014 (Unaudited)

Reinsurance operations' results						
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)
Net written premiums	6,211,956	(684,159)	5,371,784	10,365,778	--	21,265,359
Change in net unearned premiums	50,816,898	13,668,112	10,252,196	21,386,392	--	96,123,598
Net earned premiums	57,028,854	12,983,953	15,623,980	31,752,170	--	117,388,957
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)
Net claims incurred	(33,762,460)	(4,596,757)	(11,425,793)	(33,236,558)	--	(83,021,568)
Change in premium deficiency reserve	4,281,591	387,954	(992,636)	1,961,360	--	5,638,269
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)
Net acquisition costs	(14,862,467)	(6,074,722)	(2,472,752)	(4,794,650)	--	(28,204,591)
Net underwriting results	12,685,518	2,700,428	732,799	(4,317,678)	--	11,801,067

Saudi Reinsurance Company (A Saudi Joint Stock Company)

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

For the period ended 31 December 2015

11. SEGMENTAL INFORMATION (CONTINUED)

11.2 Geographical segments (continued)

	Kingdom of Saudi Arabia SR	Other Middle Eastern Countries SR	Africa SR	Asia SR	Other territories SR	Total SR
For the twelve month period ended 31 December 2015 (Unaudited)						
Reinsurance operations' results						
Gross written premiums	519,344,661	89,983,990	28,450,565	122,166,961	44,879,611	804,825,788
Retroceded premiums	(12,304,249)	(174,828)	317,972	(16,093)	--	(12,177,198)
Excess of loss expenses	(24,695,867)	(4,734,621)	(3,479,564)	(4,946,564)	--	(37,856,616)
Net written premiums	482,344,545	85,074,541	25,288,973	117,204,304	44,879,611	754,791,974
Change in net unearned premiums	(222,850,124)	(7,268,717)	324,041	457,924	(29,919,738)	(259,256,614)
Net earned premiums	259,494,421	77,805,824	25,613,014	117,662,228	14,959,873	495,535,360
Net claims paid	(127,655,456)	(40,176,105)	(26,349,668)	(36,381,272)	--	(230,562,501)
Change in net outstanding claims	(67,293,607)	6,890,156	(10,961,436)	(29,028,243)	(8,527,122)	(108,920,252)
Net claims incurred	(194,949,063)	(33,285,949)	(37,311,104)	(65,409,515)	(8,527,122)	(339,482,753)
Change in premium deficiency reserve	--	--	--	--	--	--
Gross acquisition costs	(49,810,386)	(22,796,421)	(6,856,574)	(27,952,048)	(7,117,462)	(114,532,891)
Supervision and inspection fees	(2,596,723)	(449,920)	(142,253)	(610,835)	(224,398)	(4,024,129)
Commissions on retroceded business	2,797,983	24,041	(47,302)	(794)	--	2,773,928
Net acquisition costs	(49,609,126)	(23,222,300)	(7,046,129)	(28,563,677)	(7,341,860)	(115,783,092)
Net underwriting results	14,936,232	21,297,575	(18,744,219)	23,689,036	(909,109)	40,269,515
	Kingdom of Saudi Arabia SR	Other Middle Eastern Countries SR	Africa SR	Asia SR	Other territories SR	Total SR

For the twelve month period ended 31 December 2014 (Audited)

Reinsurance operations' results						
Gross written premiums	278,817,861	94,954,416	63,884,168	118,633,695	--	556,290,140
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)
Net written premiums	251,289,677	87,813,466	60,588,079	114,903,152	--	514,594,374
Change in net unearned premiums	(3,139,991)	(6,417,500)	4,384,888	(18,524,680)	--	(23,697,283)
Net earned premiums	248,149,686	81,395,966	64,972,967	96,378,472	--	490,897,091
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)	(66,964,696)	--	(185,314,716)
Net claims incurred	(196,365,004)	(57,729,026)	(62,141,551)	(84,774,953)	--	(401,010,534)
Change in premium deficiency reserve	11,101,705	7,003,233	4,428,334	3,633,728	--	26,167,000
Gross acquisition costs	(52,043,049)	(18,618,356)	(13,665,799)	(19,484,196)	--	(103,811,400)
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	8,709	-	--	1,948,180
Net acquisition costs	(51,977,755)	(18,613,040)	(13,976,511)	(20,077,365)	--	(104,644,671)
Net underwriting results	10,908,632	12,057,133	(6,716,761)	(4,840,118)	--	11,408,886

Saudi Reinsurance Company (A Saudi Joint Stock Company)

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

For the period ended 31 December 2015

11. SEGMENTAL INFORMATION (CONTINUED)

11.2 Geographical segments (continued)

	Kingdom of Saudi Arabia SR	Other Middle Eastern Countries SR	Africa SR	Asia SR	Other territories SR	Total SR
As at 31 December 2015 (Unaudited) Reinsurance operations						
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
As at 31 December 2014 (Audited)						
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

12. COMMITMENTS AND CONTINGENCIES

As at 31 December 2015, the company has deposited and pledged SR 47,250,000 (2014: Nil) 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 42,034,793 (2014: SR 27,011,200) 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.

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

Basic and diluted earnings / (losses) per share for the three and twelve month periods ended 31 December 2015 and 2014 have been calculated by dividing net income / (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. APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

These interim condensed financial statements have been approved by the Board of Directors on 10 Rabi Al Thani 1437H corresponding to 20 January 2016.