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

**UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITORS' REVIEW REPORT  
FOR THE THREE AND SIX MONTH PERIODS ENDED 30 JUNE 2015**

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Allied Accountants

**INDEPENDENT AUDITORS' REVIEW REPORT  
TO THE SHAREHOLDERS OF SAUDI REINSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)**

**SCOPE OF REVIEW:**

We have reviewed the accompanying interim statement of financial position of Saudi Reinsurance Company (A Saudi Joint Stock Company) (the "Company") as at 30 June 2015, the related interim statements of income - reinsurance operations, shareholders' operations and statement of comprehensive income - shareholders' operations for the three month and six month periods then ended, the related interim statement of changes in shareholders' equity, statements of cash flows - reinsurance operations and shareholders' operations for the six month period then ended and notes 1 to 14 which form an integral part of these interim condensed financial statements. These interim condensed financial statements are the responsibility of the Company's management and have been prepared by them in accordance with International Accounting Standard - 34 "Interim Financial Reporting" (IAS 34) and submitted to us together with all the information and explanations which we required. We conducted our review in accordance with the Standard on Review of Interim Financial Reporting issued by the Saudi Organization for Certified Public Accountants ("SOCPA"). A review consists principally of applying analytical procedures to financial data and information and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the Kingdom of Saudi Arabia, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

**CONCLUSION:**

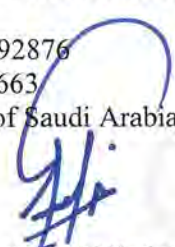
Based on our review, we are not aware of any material modifications that should be made to the accompanying interim condensed financial statements for them to be in conformity with IAS 34.

**EMPHASIS OF MATTER:**

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

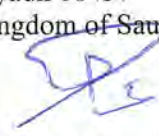
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10 Shawwal 1436H  
(26 July 2015)



# Saudi Reinsurance Company (A Saudi Joint Stock Company)

## INTERIM STATEMENT OF FINANCIAL POSITION

As at 30 June 2015

	<i>Notes</i>	30 June 2015 (Unaudited) SR	31 December 2014 (Audited) SR
<b><u>REINSURANCE OPERATIONS' ASSETS</u></b>			
Cash and bank balances		3,350,428	1,454,864
Time deposits	5	13,125,000	13,125,000
Premium receivables, net	4	124,013,183	112,739,098
Investments held at fair value through income statement	7	123,628,632	124,911,737
Accrued insurance premiums		286,669,388	220,186,253
Retroceded share of unearned premiums		3,199,619	2,080,440
Retroceded share of outstanding claims		98,059,468	105,139,646
Deferred acquisition costs		97,959,253	63,512,581
Deferred excess of loss premiums		1,024,563	17,311,815
Prepaid expenses and other assets		31,825,976	28,113,134
Due from shareholders' operations		193,845,080	188,019,813
Property and equipment, net		6,280,695	6,269,040
<b>TOTAL REINSURANCE OPERATIONS' ASSETS</b>		<b>982,981,285</b>	<b>882,863,421</b>
<b><u>SHAREHOLDERS' ASSETS</u></b>			
Cash and bank balances		8,925,357	2,567,730
Time deposits	5	45,000,000	24,000,000
Accrued special commission income from time deposits		164,253	70,035
Accrued special commission income from bonds and sukuk		3,591,729	3,703,766
Investments held at fair value through income statement	7	785,370,942	732,671,564
Held to maturity investments	8	73,718,884	145,470,427
Prepaid expenses and other assets		253,682	7,100,713
Statutory deposit	6	107,559,675	100,000,000
Property and equipment, net		33,253,406	33,521,502
<b>TOTAL SHAREHOLDERS' ASSETS</b>		<b>1,057,837,928</b>	<b>1,049,105,737</b>
<b>TOTAL ASSETS</b>		<b>2,040,819,213</b>	<b>1,931,969,158</b>
<b><u>REINSURANCE OPERATIONS' LIABILITIES AND SURPLUS</u></b>			
Accounts payable		11,267,258	22,617,656
Retrocession balances payable		7,666,980	4,173,060
Accrued retroceded premiums		335,313	1,129,253
Gross unearned premiums		375,025,043	238,458,639
Gross outstanding claims		580,715,369	609,842,291
Unearned commission income		825,347	749,782
Accrued expenses and other liabilities		3,328,918	2,479,662
Employees' end of service benefits		2,884,980	2,481,001
<b>TOTAL REINSURANCE OPERATIONS' LIABILITIES</b>		<b>982,049,208</b>	<b>881,931,344</b>
<b><u>REINSURANCE OPERATIONS' SURPLUS</u></b>			
Accumulated surplus		932,077	932,077
<b>TOTAL REINSURANCE OPERATIONS' LIABILITIES AND SURPLUS</b>		<b>982,981,285</b>	<b>882,863,421</b>
<b><u>SHAREHOLDERS' LIABILITIES AND EQUITY</u></b>			
<b><u>SHAREHOLDERS' LIABILITIES</u></b>			
Provision for zakat and income tax		31,448,032	35,441,642
Due to reinsurance operations		193,845,080	188,019,813
Accrued expenses and other liabilities		9,247,115	8,219,064
<b>TOTAL SHAREHOLDERS' LIABILITIES</b>		<b>234,540,227</b>	<b>231,680,519</b>
<b><u>SHAREHOLDERS' EQUITY</u></b>			
Share capital		1,000,000,000	1,000,000,000
Statutory reserve		6,070,924	6,070,924
Accumulated deficit		(182,773,223)	(188,645,706)
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>823,297,701</b>	<b>817,425,218</b>
<b>TOTAL SHAREHOLDERS' LIABILITIES AND EQUITY</b>		<b>1,057,837,928</b>	<b>1,049,105,737</b>
<b>TOTAL REINSURANCE OPERATIONS' LIABILITIES, SURPLUS, SHAREHOLDERS' LIABILITIES AND EQUITY</b>		<b>2,040,819,213</b>	<b>1,931,969,158</b>

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

**Saudi Reinsurance Company (A Saudi Joint Stock Company)**  
**INTERIM STATEMENT OF INCOME - REINSURANCE OPERATIONS**  
**For the three and six month periods ended 30 June 2015**

	(Unaudited)			
	For the three month period ended		For the six month period ended	
	30 June 2015	30 June 2014	30 June 2015	30 June 2014
	Notes SR	SR	SR	SR
Gross written premiums	102,828,482	90,919,474	346,582,594	390,363,379
Retroceded premiums	(3,088,980)	(3,831,384)	(6,070,474)	(3,398,479)
Excess of loss expenses	(8,411,993)	(9,452,677)	(24,207,569)	(18,060,596)
<b>Net written premiums</b>	<b>91,327,509</b>	<b>77,635,413</b>	<b>316,304,551</b>	<b>368,904,304</b>
Change in unearned premiums, net	22,859,566	40,696,413	(135,447,228)	(135,648,596)
<b>Net earned premiums</b>	<b>114,187,075</b>	<b>118,331,826</b>	<b>180,857,323</b>	<b>233,255,708</b>
Net claims paid	9 (68,995,495)	(59,096,587)	(150,125,316)	(100,215,185)
Change in outstanding claims, net	8,899,375	(50,079,512)	22,046,744	(104,564,433)
<b>Net claims incurred</b>	<b>(60,096,120)</b>	<b>(109,176,099)</b>	<b>(128,078,572)</b>	<b>(204,779,618)</b>
Change in premium deficiency reserve	--	10,261,434	--	22,210,175
Gross acquisition costs	(27,020,205)	(31,938,699)	(40,415,705)	(47,241,791)
Supervision and inspection fees	(514,142)	(454,597)	(1,732,913)	(1,951,817)
Commissions on retroceded business	1,063,258	1,144,829	1,588,532	1,570,644
<b>Net acquisition costs</b>	<b>(26,471,089)</b>	<b>(31,248,467)</b>	<b>(40,560,086)</b>	<b>(47,622,964)</b>
<b>Surplus / (deficit) from reinsurance operation</b>	<b>27,619,866</b>	<b>(11,831,306)</b>	<b>12,218,665</b>	<b>3,063,301</b>
Special commission income from time deposits	33,177	--	65,990	--
Realized gains on investments held at fair value through income statement	7 --	--	14,940	--
Unrealized gains on investments held at fair value through income statement	7 51,587	784,579	1,187,031	1,625,337
Other income	--	--	216,469	--
Investment management expenses	(81,054)	(46,749)	(153,236)	(90,041)
General and administrative expenses	(7,490,123)	(7,813,799)	(19,040,937)	(13,581,010)
<b>Net surplus / (deficit) from reinsurance operations</b>	<b>20,133,453</b>	<b>(18,907,275)</b>	<b>(5,491,078)</b>	<b>(8,982,413)</b>
Shareholders' appropriation from reinsurance operations' surplus / (deficit)	2 (20,133,453)	18,907,275	5,491,078	8,982,413
<b>Reinsurance operations' deficit after shareholders' appropriation</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>Accumulated surplus at the beginning of the period</b>	<b>932,077</b>	<b>--</b>	<b>932,077</b>	<b>932,077</b>
<b>Accumulated surplus at the end of the period</b>	<b>932,077</b>	<b>--</b>	<b>932,077</b>	<b>932,077</b>




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

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

### INTERIM STATEMENT OF INCOME - SHAREHOLDERS' OPERATIONS

For the three and six month periods ended 30 June 2015

	(Unaudited)				
	For the three month period ended		For the six month period ended		
	30 June 2015	30 June 2014	30 June 2015	30 June 2014	
	SR	SR	SR	SR	
	<i>Notes</i>				
Special commission income from time deposits		102,375	236,650	164,450	467,814
Special commission income from bonds and sukuk		943,866	2,192,636	2,845,170	4,398,237
Realized gains on investments held at fair value through income statement	7	962,809	1,176,129	2,876,891	1,281,070
Unrealized gains on investments held at fair value through income statement	7	3,570,334	13,219,765	18,332,156	29,989,851
Other income		--	248,129	2,716	248,129
<b>Total revenues</b>		<b>5,579,384</b>	<b>17,073,309</b>	<b>24,221,383</b>	<b>36,385,101</b>
General and administrative expenses		(1,081,462)	(3,456,769)	(2,512,321)	(7,917,134)
Investment management expenses		(815,909)	(742,293)	(1,580,899)	(1,334,157)
Board of directors' remunerations, meeting fees and Expenses		(1,203,843)	(1,174,721)	(1,318,668)	(1,315,484)
Foreign exchange translation losses		--	--	(21,816)	(549,774)
Shareholders' appropriation from reinsurance operations' surplus / (deficit)	2	20,133,453	(18,907,275)	(5,491,078)	(8,982,413)
<b>Net income / (loss) for the period</b>		<b>22,611,623</b>	<b>(7,207,749)</b>	<b>13,296,601</b>	<b>16,286,139</b>
<b>Basic and diluted earnings / (losses) per share for the period</b>	12	<b>0.2261</b>	<b>(0.0721)</b>	<b>0.1330</b>	<b>0.1629</b>
<b>Weighted average number of issued and outstanding shares</b>		<b>100,000,000</b>	<b>100,000,000</b>	<b>100,000,000</b>	<b>100,000,000</b>




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

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

**INTERIM STATEMENT OF COMPREHENSIVE INCOME - SHAREHOLDERS' OPERATIONS**

**For the three and six month periods ended 30 June 2015**

	(Unaudited)			
	For the three month period ended		For the six month period ended	
	30 June 2015 SR	30 June 2014 SR	30 June 2015 SR	30 June 2014 SR
Net income / (loss) for the period	22,611,623	(7,207,749)	13,296,601	16,286,139
Total comprehensive income / (loss) for the period	<u>22,611,623</u>	<u>(7,207,749)</u>	<u>13,296,601</u>	<u>16,286,139</u>



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

**Saudi Reinsurance Company (A Saudi Joint Stock Company)**  
**INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**For the six month period ended 30 June 2015**

	GCC Shareholders and General Public				Non – GCC Shareholders				Total					
	Share capital		Statutory reserve		Accumulated deficit		Share capital		Statutory reserve		Accumulated deficit		Total	
	SR		SR		SR		SR		SR		SR		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	(1,813,000)	(11,007)	(1,824,007)	1,813,000	11,007	1,824,007	--	--	--	--	--	--	--	--
Net income for the period	--	--	15,875,158	--	--	410,981	--	--	16,286,139	--	--	--	--	16,286,139
Zakat and income tax	--	--	(8,062,707)	--	--	(67,881)	--	--	(8,130,588)	--	--	--	--	(8,130,588)
Balance as at 30 June 2014 (Unaudited)	974,765,000	5,917,724	(176,179,071)	25,235,000	153,200	35,721	1,000,000,000	6,070,924	(176,143,350)					829,927,574
Balance as at 1 January 2015 (Audited)	974,152,000	5,914,003	(189,235,211)	25,848,000	156,921	589,505	1,000,000,000	6,070,924	(188,645,706)					817,425,218
Transfer during the period	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Net income for the period	--	--	12,967,138	--	--	329,463	--	--	13,296,601	--	--	--	--	13,296,601
Zakat and income tax	--	--	(7,424,118)	--	--	--	--	--	(7,424,118)	--	--	--	--	(7,424,118)
Balance as at 30 June 2015 (Unaudited)	974,152,000	5,914,003	(183,692,191)	25,848,000	156,921	919,968	1,000,000,000	6,070,924	(182,773,223)					823,297,701




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



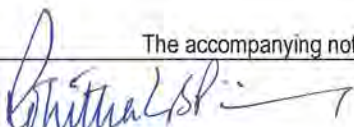
# Saudi Reinsurance Company (A Saudi Joint Stock Company)

## INTERIM STATEMENT OF CASH FLOWS - REINSURANCE OPERATIONS

For the six month period ended 30 June 2015

	(Unaudited)	
	30 June	30 June
	2015	2014
Notes	SR	SR
<b>OPERATING ACTIVITIES</b>		
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	640,566	409,210
Depreciation	1,179,843	998,319
Realized gains on investments held at fair value through income statement	(14,940)	-
Unrealized (gains) losses on investments held at fair value through income statement	(1,187,031)	(1,625,337)
Loss from disposal of property and equipment	86,998	791,508
Retroceded share of unearned premiums	(1,119,179)	1,049,020
Gross unearned premiums	136,566,404	134,599,579
Shareholders' appropriation from reinsurance operations' deficit	(5,491,078)	(8,982,413)
Operating loss before changes in operating assets and liabilities	<u>130,661,583</u>	<u>127,239,886</u>
<b>Changes in operating assets and liabilities:</b>		
Premiums receivable, net	(11,274,085)	(53,070,076)
Retrocession balances receivable	--	(861,036)
Accrued insurance premiums	(66,483,135)	(119,652,889)
Retroceded share of outstanding claims	7,080,178	(12,223,265)
Deferred acquisition costs	(34,446,672)	(26,023,703)
Deferred excess of loss premiums	16,287,252	15,552,412
Prepaid expenses and other assets	(3,712,842)	(797,037)
Accounts payable	(11,350,398)	7,620,749
Retrocession balances payable	3,493,920	(7,615,523)
Accrued retroceded premiums	(793,940)	(2,298,373)
Gross outstanding claims	(29,126,922)	116,787,702
Premium deficiency reserves	--	(22,210,175)
Unearned commission income	75,565	(332,293)
Accrued expenses and other liabilities	849,256	(1,278,112)
<b>Cash from operations</b>	<u>1,259,760</u>	<u>20,838,267</u>
Employees' end of service benefits paid	(236,587)	--
<b>Net cash from operating activities</b>	<u>1,023,173</u>	<u>20,838,267</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(1,610,383)	(786,181)
Additions in investments held at fair value through income statement	7 (34,725,973)	(33,288,061)
Proceeds from disposal of property plant and equipment	331,887	33,171
Proceeds from investments held at fair value through income statement	7 37,211,049	25,420,286
<b>Net cash from / (used in) investing activities</b>	<u>1,206,580</u>	<u>(8,620,785)</u>
<b>FINANCING ACTIVITY</b>		
Due from shareholders' operations	(334,189)	(8,760,853)
<b>Net cash used in financing activity</b>	<u>(334,189)</u>	<u>(8,760,853)</u>
<b>INCREASE IN CASH AND BANK BALANCES</b>	<u>1,895,564</u>	<u>3,456,629</u>
Cash and bank balances at the beginning of the period	<u>1,454,864</u>	<u>5,268,638</u>
<b>CASH AND BANK BALANCES AT THE END OF THE PERIOD</b>	<u>3,350,428</u>	<u>8,725,267</u>

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

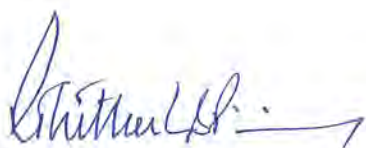



# Saudi Reinsurance Company (A Saudi Joint Stock Company)

## NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS

For the period ended 30 June 2015

	(Unaudited)	
	30 June	30 June
	2015	2014
Notes	SR	SR
<b>OPERATING ACTIVITIES</b>		
Net income for the period	13,296,601	16,286,139
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation	400,414	--
Realized gains on investments held at fair value through income statement	(2,876,891)	(1,281,070)
Unrealized gains on investments held at fair value through income statement	(18,332,156)	(29,989,851)
Income on statutory deposit	(7,559,675)	--
Shareholders' appropriation from reinsurance operations' surplus	5,491,078	8,982,413
Operating deficit before changes in operating assets and liabilities	(9,580,629)	(6,002,369)
<b>Changes in operating assets and liabilities:</b>		
Prepaid expenses and other assets	6,847,031	(633,932)
Accrued expenses and other liabilities	1,028,051	1,366,373
Accounts payable	--	(500,000)
Zakat and income tax paid	(11,417,728)	(12,928,634)
<b>Net cash used in operating activities</b>	<b>(13,123,275)</b>	<b>(18,698,562)</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(132,318)	(450,736)
Accrued special commission income from time deposits	(94,218)	(467,814)
Accrued special commission income from bonds and sukuk	112,037	(816,134)
	7	(141,916,809)
Additions in investments held at fair value through income statement		(207,953,605)
Proceeds from investments held at fair value through income statement	7	110,426,478
Time deposits, net		153,260,953
Held to maturity investments		(21,000,000)
		(13,127,100)
		71,751,543
		9,688,254
<b>Net cash from / (used in) investing activities</b>	<b>19,146,713</b>	<b>(59,866,182)</b>
<b>FINANCING ACTIVITY</b>		
Due to reinsurance operations	334,189	8,760,853
<b>Cash from financing activity</b>	<b>334,189</b>	<b>8,760,853</b>
<b>INCREASE / (DECREASE) IN CASH AND BANK BALANCES</b>	<b>6,357,627</b>	<b>(69,803,891)</b>
Cash and bank balances at the beginning of the period	2,567,730	85,673,516
<b>CASH AND BANK BALANCES AT THE END OF THE PERIOD</b>	<b>8,925,357</b>	<b>15,869,625</b>




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

## **NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS**

**For the period ended 30 June 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 Jumad Al-Awal 1429H (corresponding to 17 May 2008) with a branch in the Federal Territory of Labuan, Malaysia with license number IS2014146. The address of the Company's registered office is at P.O. Box 30025, Riyadh 11372, Al Wadi, Northern Ring Road West, Exit 7, Building 4130, Riyadh, Kingdom of Saudi Arabia.

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

### **2. BASIS OF PREPARATION**

#### ***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 six month periods ended 30 June 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. The Company's interim results may not be indicative of its annual results.

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), being the functional 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 December 31, 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 30 June 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.

#### 4. PREMIUM RECEIVABLES, NET

	<b>30 June 2015 (Unaudited) SR</b>	<b>31 December 2014 (Audited) SR</b>
Premium receivable	<b>128,053,705</b>	116,296,386
Allowance for doubtful receivables	<b>(4,040,522)</b>	(3,557,288)
	<b><u>124,013,183</u></b>	<u>112,739,098</u>

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

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

For the period ended 30 June 2015

#### 5. TIME DEPOSITS

Time deposits represent deposits with banks that have good credit ratings 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 0.72% 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.

#### 7. INVESTMENTS HELD AT FAIR VALUE THROUGH INCOME STATEMENT

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

	30 June 2015 (Unaudited)		31 December 2014 (Audited)	
	Reinsurance operations SR	Shareholders' operations SR	Reinsurance operations SR	Shareholders' operations SR
Investments in:				
- Bonds	52,129,830	314,216,089	51,142,163	309,705,257
- Equities	--	203,425,177	--	185,778,294
- Funds	71,498,802	207,692,607	73,769,574	197,150,944
- Sukuk	--	60,037,069	--	40,037,069
Total investments	<u>123,628,632</u>	<u>785,370,942</u>	<u>124,911,737</u>	<u>732,671,564</u>

- ii. Determination of fair value and fair values hierarchy:

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

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

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

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

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

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

For the period ended 30 June 2015

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

As at 30 June 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:	30 June 2015 (Unaudited)			
	Level 1 SR	Level 2 SR	Level 3 SR	Total SR
- Bonds	314,216,089	--	--	314,216,089
- Equities	203,425,177	--	--	203,425,177
- Funds	182,692,607	--	25,000,000	207,692,607
- Sukuk	--	60,037,069	--	60,037,069
	<u>700,333,873</u>	<u>60,037,069</u>	<u>25,000,000</u>	<u>785,370,942</u>

Investments in:	31 December 2014 (Audited)			
	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	--	25,000,000	197,150,944
- Sukuk	--	40,037,069	--	40,037,069
	<u>667,634,495</u>	<u>40,037,069</u>	<u>25,000,000</u>	<u>732,671,564</u>

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

- iii. There were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements during the period ended 30 June 2015 and year ended 31 December 2014.
- iv. The movements of investments held at fair value through income statement are as follows:

	For the six month period ended 30 June 2015 (Unaudited)		For the year 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	34,725,973	141,916,809	83,847,393	259,845,023
Disposals during the period	(37,211,049)	(110,426,478)	(56,921,301)	(153,261,010)
Unrealized gains	1,187,031	18,332,156	2,430,636	29,626,814
Realized gains	14,940	2,876,891	225,850	1,281,183
<b>Closing balance</b>	<u>123,628,632</u>	<u>785,370,942</u>	<u>124,911,737</u>	<u>732,671,564</u>

Investments held by reinsurance and shareholders' operations include SR 3.9 million and SR 14.2 million respectively as at 30 June 2015 (31 December 2014: SR 6.7 million and SR 20 million respectively) cash deposits with reputable banks. These funds 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.

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

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

For the period ended 30 June 2015

#### 8. HELD TO MATURITY INVESTMENTS

Held to maturity investments represent debt instruments with a 4 to 10 year time horizon yielding an average special commission of 3.92% per annum (31 December 2014: 4.35% per annum). For fair value hierarchy, for disclosure purpose, held to maturity investments are classified as level 1. The fair value of held to maturity investments amounted to SR 79,653,926 (31 December 2014: SR 152,260,913).

#### 9. NET CLAIMS PAID

	For the three month period ended		For the six month period ended	
	30 June 2015 (Unaudited) SR	30 June 2014 (Unaudited) SR	30 June 2015 (Unaudited) SR	30 June 2014 (Unaudited) SR
Gross claims paid	72,714,608	64,658,178	155,265,043	112,781,972
Retroceded share of claims paid	(3,719,113)	(5,561,591)	(5,139,727)	(12,566,787)
<b>Net claims paid</b>	<b>68,995,495</b>	<b>59,096,587</b>	<b>150,125,316</b>	<b>100,215,185</b>

#### 10. RELATED PARTY TRANSACTIONS AND BALANCES

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

Related party	Nature of transactions	Amounts of transactions for the six month period ended		Balance as at	
		30 June 2015 (Unaudited) SR	30 June 2014 (Unaudited) SR	30 June 2015 (Unaudited) SR	31 December 2014 (Audited) SR
Board of Directors	Consulting fees	168,632	190,996	--	--
	Remunerations, Meeting fees and expenses	1,318,668	1,315,484	122,253	204,000
Key management personnel	Short term benefits	4,846,124	5,163,918	494,500	700,000
	End of service benefits	209,141	220,426	958,412	741,820
Companies represented by the BOD members	Gross written premiums	7,797,564	1,286,364	4,278,468	4,644,525
	Claims incurred	1,663,401	119,199	6,413,973	5,892,390
	Commission	1,998,731	246,893	--	--

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

**Saudi Reinsurance Company (A Saudi Joint Stock Company)**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued)**  
**30 June 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		Fire		Marine		Motor		General Accident		Life		Speciality		Others		Total		
	SR		SR		SR		SR		SR		SR		SR		SR		SR		
<b>For the three month period ended</b>																			
<b>30 June 2015 (Unaudited)</b>																			
<b>Reinsurance operations' results</b>																			
Gross written premiums	13,242,438		28,431,512		4,552,940		10,363,053		5,221,709		20,744,108		--		20,272,722		102,828,482		
Retroceded premiums	(3,069,761)		(122,122)		129,204		--		(26,192)		--		--		(109)		(3,088,980)		
Excess of loss expenses	(2,317,039)		(5,091,323)		(354,315)		--		(2,703)		(430,013)		--		(216,600)		(8,411,993)		
<b>Net written premiums</b>	<b>7,855,638</b>		<b>23,218,067</b>		<b>4,327,829</b>		<b>10,363,053</b>		<b>5,192,814</b>		<b>20,314,095</b>				<b>20,056,013</b>		<b>91,327,509</b>		
Change in net unearned premiums	9,318,568		6,757,590		8,428,537		475,768		3,405,092		35,844		3,739,968		(9,301,801)		22,859,566		
<b>Net earned premiums</b>	<b>17,174,206</b>		<b>29,975,657</b>		<b>12,756,366</b>		<b>10,838,821</b>		<b>8,597,906</b>		<b>20,349,939</b>		<b>3,739,968</b>		<b>10,754,212</b>		<b>114,187,075</b>		
Net claims paid	(4,674,087)		(30,597,835)		(2,413,982)		(3,142,662)		(4,851,341)		(19,668,970)		--		(3,646,618)		(68,995,495)		
Change in net outstanding claims	(11,220,991)		22,713,787		(465,251)		(3,306,141)		(1,562,396)		4,405,195		(1,826,233)		161,405		8,899,375		
<b>Net claims incurred</b>	<b>(15,895,078)</b>		<b>(7,884,048)</b>		<b>(2,879,233)</b>		<b>(6,448,803)</b>		<b>(6,413,737)</b>		<b>(15,263,775)</b>		<b>(1,826,233)</b>		<b>(3,485,213)</b>		<b>(60,096,120)</b>		
Change in premium deficiency reserve	--		--		--		--		--		--		--		--		--		
Gross acquisition costs	(6,267,012)		(9,734,308)		(4,366,922)		244,555		(2,916,675)		(1,258,271)		(1,776,604)		(944,968)		(27,020,205)		
Supervision and inspection fees	(66,212)		(142,157)		(22,764)		(51,815)		(26,109)		(103,720)		--		(101,365)		(514,142)		
Commissions on retroceded business	717,398		181,591		106,300		--		57,956		--		--		13		1,063,258		
<b>Net acquisition costs</b>	<b>(5,615,826)</b>		<b>(9,694,874)</b>		<b>(4,283,386)</b>		<b>192,740</b>		<b>(2,884,828)</b>		<b>(1,361,991)</b>		<b>(1,776,604)</b>		<b>(1,046,320)</b>		<b>(26,471,089)</b>		
<b>Net underwriting results</b>	<b>(4,336,698)</b>		<b>12,396,735</b>		<b>5,593,747</b>		<b>4,582,758</b>		<b>(700,659)</b>		<b>3,724,173</b>		<b>137,131</b>		<b>6,222,679</b>		<b>27,619,866</b>		



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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued)**  
**30 June 2015**

**11. SEGMENTAL INFORMATION (continued)**

**11.1 Business segments (continued)**

For the three month period ended  
**30 June 2014 (Unaudited)**

**Reinsurance operations' results**

	Engineering SR	Fire SR	Marine SR	Motor SR	General Accident SR	Life SR	Speciality SR	Others SR	Total SR
Gross written premiums	14,246,539	34,283,835	3,289,640	3,336,648	7,347,771	16,235,502	--	12,179,539	90,919,474
Retroceded premiums	(2,822,977)	(746,241)	(187,605)	--	(55,581)	(376)	--	(18,604)	(3,831,384)
Excess of loss expenses	(2,061,899)	(6,467,867)	(359,944)	(195,007)	(205,943)	--	--	(162,017)	(9,452,677)
<b>Net written premiums</b>	<b>9,361,663</b>	<b>27,069,727</b>	<b>2,742,091</b>	<b>3,141,641</b>	<b>7,086,247</b>	<b>16,235,126</b>	<b>--</b>	<b>11,998,918</b>	<b>77,635,413</b>
Change in net unearned premiums	7,101,826	16,070,856	9,225,398	6,397,038	(146,165)	6,241,288	--	(4,193,828)	40,696,413
<b>Net earned premiums</b>	<b>16,463,489</b>	<b>43,140,583</b>	<b>11,967,489</b>	<b>9,538,679</b>	<b>6,940,082</b>	<b>22,476,414</b>	<b>--</b>	<b>7,805,090</b>	<b>118,331,826</b>
Net claims paid	(3,430,425)	(36,560,878)	(2,789,845)	(6,128,880)	1,028,734	(10,218,440)	--	(996,853)	(59,096,587)
Change in net outstanding claims	(31,332,305)	14,186,670	(8,665,989)	(5,619,403)	(5,907,039)	(3,826,147)	--	(8,915,299)	(50,079,512)
<b>Net claims incurred</b>	<b>(34,762,730)</b>	<b>(22,374,208)</b>	<b>(11,455,834)</b>	<b>(11,748,283)</b>	<b>(4,878,305)</b>	<b>(14,044,587)</b>	<b>--</b>	<b>(9,912,152)</b>	<b>(109,176,099)</b>
Change in premium deficiency reserve	(12,073,113)	9,261,475	(1,557,631)	(1,467,614)	1,082,481	12,080,095	--	2,935,741	10,261,434
Gross acquisition costs	(6,766,380)	(14,757,537)	(4,339,952)	(2,222,485)	(2,284,868)	(850,811)	--	(716,666)	(31,938,699)
Supervision and inspection fees	(71,232)	(171,419)	(16,448)	(16,683)	(36,739)	(81,177)	--	(60,899)	(454,597)
Commissions on retroceded business	585,854	295,344	153,758	--	109,054	263	--	556	1,144,829
<b>Net acquisition costs</b>	<b>(6,251,758)</b>	<b>(14,633,612)</b>	<b>(4,202,642)</b>	<b>(2,239,168)</b>	<b>(2,212,553)</b>	<b>(931,725)</b>	<b>--</b>	<b>(777,009)</b>	<b>(31,248,467)</b>
<b>Net underwriting results</b>	<b>(36,624,112)</b>	<b>15,394,238</b>	<b>(5,248,618)</b>	<b>(5,916,386)</b>	<b>931,705</b>	<b>19,580,197</b>	<b>--</b>	<b>51,670</b>	<b>(11,831,306)</b>

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued)**  
**30 June 2015**

**11. SEGMENTAL INFORMATION (continued)**

**11.1 Business segments (continued)**

For the six month period ended  
**30 June 2015 (Unaudited)**

**Reinsurance operations' results**

	Engineering SR	Fire SR	Marine SR	Motor SR	General Accident SR	Life SR	Speciality SR	Others SR	Total SR
Gross written premiums	47,454,341	96,812,089	37,077,530	20,590,072	30,797,183	29,603,451	44,879,611	39,368,317	346,582,594
Retroceded premiums	(4,953,129)	(1,129,665)	135,817	(4,435)	310,281	(365,191)	--	(64,152)	(6,070,474)
Excess of loss expenses	(4,634,079)	(16,660,536)	(708,630)	--	(5,407)	(860,026)	--	(1,338,891)	(24,207,569)
<b>Net written premiums</b>	<b>37,867,133</b>	<b>79,021,888</b>	<b>36,504,717</b>	<b>20,585,637</b>	<b>31,102,057</b>	<b>28,378,234</b>	<b>44,879,611</b>	<b>37,965,274</b>	<b>316,304,551</b>
Change in net unearned premiums	(12,938,001)	(31,197,070)	(8,446,903)	(7,401,550)	(14,289,068)	(4,604,215)	(37,399,675)	(19,170,746)	(135,447,228)
<b>Net earned premiums</b>	<b>24,929,132</b>	<b>47,824,818</b>	<b>28,057,814</b>	<b>13,184,087</b>	<b>16,812,989</b>	<b>23,774,019</b>	<b>7,479,936</b>	<b>18,794,528</b>	<b>180,857,323</b>
Net claims paid	(7,300,581)	(64,937,068)	(11,807,317)	(5,563,685)	(6,694,704)	(45,751,440)	--	(8,070,521)	(150,125,316)
Change in net outstanding claims	(4,063,325)	37,516,780	550,256	(1,115,870)	(3,162,383)	(1,351,631)	(3,953,053)	(2,374,030)	22,046,744
<b>Net claims incurred</b>	<b>(11,363,906)</b>	<b>(27,420,288)</b>	<b>(11,257,061)</b>	<b>(6,679,555)</b>	<b>(9,857,087)</b>	<b>(47,103,071)</b>	<b>(3,953,053)</b>	<b>(10,444,551)</b>	<b>(128,078,572)</b>
Change in premium deficiency reserve	--	--	--	--	--	--	--	--	--
Gross acquisition costs	(9,472,214)	(15,996,586)	(8,895,142)	3,207,440	(5,262,881)	1,271,026	(3,558,729)	(1,708,619)	(40,415,705)
Supervision and inspection fees	(237,272)	(484,060)	(185,387)	(102,950)	(153,986)	(148,017)	(224,398)	(196,843)	(1,732,913)
Commissions on retroceded business	836,688	323,664	239,066	443	135,384	45,998	--	7,289	1,588,532
<b>Net acquisition costs</b>	<b>(8,872,798)</b>	<b>(16,156,982)</b>	<b>(8,841,463)</b>	<b>3,104,933</b>	<b>(5,281,483)</b>	<b>1,169,007</b>	<b>(3,783,127)</b>	<b>(1,898,173)</b>	<b>(40,560,086)</b>
<b>Net underwriting results</b>	<b>4,692,428</b>	<b>4,247,548</b>	<b>7,959,290</b>	<b>9,609,465</b>	<b>1,674,419</b>	<b>(22,160,045)</b>	<b>(256,244)</b>	<b>6,451,804</b>	<b>12,218,665</b>

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued)**  
**30 June 2015**

**11. SEGMENTAL INFORMATION (continued)**

**11.1 Business segments (continued)**

For the six month period ended  
**30 June 2014 (Unaudited)**

**Reinsurance operations' results**

	Engineering SR	Fire SR	Marine SR	Motor SR	General Accident SR	Life SR	Speciality SR	Others SR	Total SR
Gross written premiums	56,117,399	145,873,356	38,900,883	16,253,221	29,106,742	76,008,403	--	28,103,375	390,363,379
Retroceded premiums	(3,824,153)	(231,552)	232,123	--	315,235	(506)	--	110,374	(3,398,479)
Excess of loss expenses	(4,123,798)	(11,259,262)	(719,888)	(390,013)	(411,886)	(831,714)	--	(324,035)	(18,060,596)
<b>Net written premiums</b>	<b>48,169,448</b>	<b>134,382,542</b>	<b>38,413,118</b>	<b>15,863,208</b>	<b>29,010,091</b>	<b>75,176,183</b>	<b>--</b>	<b>27,889,714</b>	<b>368,904,304</b>
Change in net unearned premiums	(11,926,362)	(49,430,198)	(13,535,191)	7,203,896	(10,884,976)	(42,832,299)	--	(14,243,466)	(135,648,596)
<b>Net earned premiums</b>	<b>36,243,086</b>	<b>84,952,344</b>	<b>24,877,927</b>	<b>23,067,104</b>	<b>18,125,115</b>	<b>32,343,884</b>	<b>--</b>	<b>13,646,248</b>	<b>233,255,708</b>
Net claims paid	(5,915,454)	(59,385,340)	(6,486,195)	(13,617,898)	31,190	(12,018,031)	--	(2,823,457)	(100,215,185)
Change in net outstanding claims	(35,731,997)	(12,697,521)	(11,969,603)	(11,624,186)	(6,292,003)	(9,401,334)	--	(16,847,789)	(104,564,433)
<b>Net claims incurred</b>	<b>(41,647,451)</b>	<b>(72,082,861)</b>	<b>(18,455,798)</b>	<b>(25,242,084)</b>	<b>(6,260,813)</b>	<b>(21,419,365)</b>	<b>--</b>	<b>(19,671,246)</b>	<b>(204,779,618)</b>
Change in premium deficiency reserve	(10,971,071)	14,554,703	226,779	2,144,215	1,249,120	12,842,441	--	2,163,988	22,210,175
Gross acquisition costs	(8,892,494)	(21,709,182)	(6,357,084)	(3,927,977)	(3,770,930)	(1,327,198)	--	(1,256,926)	(47,241,791)
Supervision and inspection fees	(280,586)	(729,367)	(194,505)	(81,266)	(145,534)	(380,042)	--	(140,517)	(1,951,817)
Commissions on retroceded business	1,011,306	448,631	92,082	--	13,667	14,553	--	(9,595)	1,570,644
<b>Net acquisition costs</b>	<b>(8,161,774)</b>	<b>(21,989,918)</b>	<b>(6,459,507)</b>	<b>(4,009,243)</b>	<b>(3,902,797)</b>	<b>(1,692,687)</b>	<b>--</b>	<b>(1,407,038)</b>	<b>(47,622,964)</b>
<b>Net underwriting results</b>	<b>(24,537,210)</b>	<b>5,434,268</b>	<b>189,401</b>	<b>(4,040,008)</b>	<b>9,210,625</b>	<b>22,074,273</b>	<b>--</b>	<b>(5,268,048)</b>	<b>3,063,301</b>

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued)**  
**30 June 2015**

**11. SEGMENTAL INFORMATION (continued)**

**11.1 Business segments (continued)**

**As at 30 June 2015 (Unaudited)**

	Engineering SR	Fire SR	Marine SR	Motor SR	General Accident SR	Life SR	Speciality SR	Others SR	Total SR
Segment assets	106,943,549	220,703,315	67,813,653	23,071,864	45,469,377	57,528,492	41,595,045	47,800,179	610,925,474
Segment liabilities	212,719,389	381,057,335	72,881,150	57,857,168	54,103,312	63,119,736	42,518,624	91,578,597	975,835,311

**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

# Saudi Reinsurance Company (A Saudi Joint Stock Company)

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

30 June 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
<b>For the three month period ended 30 June 2015 (Unaudited)</b>						
<b>Reinsurance operations' results</b>						
Gross written premiums	28,492,424	11,685,589	10,465,121	52,185,348	--	102,828,482
Retroceded premiums	(2,906,413)	(112,919)	(69,648)	--	--	(3,088,980)
Excess of loss expenses	(5,596,787)	(737,038)	(313,649)	(1,764,519)	--	(8,411,993)
<b>Net written premiums</b>	<b>19,989,224</b>	<b>10,835,632</b>	<b>10,081,824</b>	<b>50,420,829</b>	<b>--</b>	<b>91,327,509</b>
Change in net unearned premiums	25,852,948	9,110,295	2,865,580	(18,709,294)	3,740,037	22,859,566
<b>Net earned premiums</b>	<b>45,842,172</b>	<b>19,945,927</b>	<b>12,947,404</b>	<b>31,711,535</b>	<b>3,740,037</b>	<b>114,187,075</b>
Net claims paid	(37,897,115)	(9,408,053)	(10,936,710)	(10,753,617)	--	(68,995,495)
Change in net outstanding claims	8,909,793	237,231	(851,661)	2,767,474	(2,163,462)	8,899,375
<b>Net claims incurred</b>	<b>(28,987,322)</b>	<b>(9,170,822)</b>	<b>(11,788,371)</b>	<b>(7,986,143)</b>	<b>(2,163,462)</b>	<b>(60,096,120)</b>
Change in premium deficiency reserve	--	--	--	--	--	--
Gross acquisition costs	(11,454,352)	(4,880,886)	(1,254,821)	(7,653,552)	(1,776,594)	(27,020,205)
Supervision and inspection fees	(142,462)	(58,428)	(52,325)	(260,927)	--	(514,142)
Commissions on retroceded business	1,011,209	30,409	21,640	--	--	1,063,258
<b>Net acquisition costs</b>	<b>(10,585,605)</b>	<b>(4,908,905)</b>	<b>(1,285,506)</b>	<b>(7,914,479)</b>	<b>(1,776,594)</b>	<b>(26,471,089)</b>
<b>Net underwriting results</b>	<b>6,269,245</b>	<b>5,866,200</b>	<b>(126,473)</b>	<b>15,810,913</b>	<b>(200,019)</b>	<b>27,619,866</b>

	Kingdom of Saudi Arabia SR	Other Middle Eastern Countries SR	Africa SR	Asia SR	Other territories SR	Total SR
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For the three month period ended 30 June 2014 (Unaudited)

<b>Reinsurance operations' results</b>						
Gross written premiums	30,299,329	8,106,074	9,611,040	42,903,031	--	90,919,474
Retroceded premiums	(3,281,764)	(462,723)	(86,897)	--	--	(3,831,384)
Excess of loss expenses	(6,057,639)	(1,027,962)	(766,928)	(1,600,148)	--	(9,452,677)
<b>Net written premiums</b>	<b>20,959,926</b>	<b>6,615,389</b>	<b>8,757,215</b>	<b>41,302,883</b>	<b>--</b>	<b>77,635,413</b>
Change in net unearned premiums	37,871,363	10,973,105	13,279,721	(21,427,776)	--	40,696,413
<b>Net earned premiums</b>	<b>58,831,289</b>	<b>17,588,494</b>	<b>22,036,936</b>	<b>19,875,107</b>	<b>--</b>	<b>118,331,826</b>
Net claims paid	(46,055,965)	(7,078,161)	(8,724,577)	2,762,116	--	(59,096,587)
Change in net outstanding claims	(7,348,964)	(7,993,007)	(9,486,059)	(25,251,482)	--	(50,079,512)
<b>Net claims incurred</b>	<b>(53,404,929)</b>	<b>(15,071,168)</b>	<b>(18,210,636)</b>	<b>(22,489,366)</b>	<b>--</b>	<b>(109,176,099)</b>
Change in premium deficiency reserve	14,190,869	203,964	1,010,124	(5,143,523)	--	10,261,434
Gross acquisition costs	(16,232,833)	(4,303,460)	(6,345,406)	(5,057,000)	--	(31,938,699)
Supervision and inspection fees	(151,495)	(40,532)	(48,055)	(214,515)	--	(454,597)
Commissions on retroceded business	968,178	157,652	18,999	--	--	1,144,829
<b>Net acquisition costs</b>	<b>(15,416,150)</b>	<b>(4,186,340)</b>	<b>(6,374,462)</b>	<b>(5,271,515)</b>	<b>--</b>	<b>(31,248,467)</b>
<b>Net underwriting results</b>	<b>4,201,079</b>	<b>(1,465,050)</b>	<b>(1,538,038)</b>	<b>(13,029,297)</b>	<b>--</b>	<b>(11,831,306)</b>

# Saudi Reinsurance Company (A Saudi Joint Stock Company)

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

30 June 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
<b>For the six month period ended 30 June 2015 (Unaudited)</b>						
<b>Reinsurance operations' results</b>						
Gross written premiums	126,439,645	48,825,917	26,826,678	99,610,599	44,879,755	346,582,594
Retroceded premiums	(5,478,838)	(524,307)	(67,329)	—	—	(6,070,474)
Excess of loss expenses	(16,708,370)	(1,471,805)	(2,490,657)	(3,536,737)	—	(24,207,569)
<b>Net written premiums</b>	<b>104,252,437</b>	<b>46,829,805</b>	<b>24,268,692</b>	<b>96,073,862</b>	<b>44,879,755</b>	<b>316,304,551</b>
Change in net unearned premiums	(27,734,878)	(12,174,483)	(14,620,004)	(43,518,188)	(37,399,675)	(135,447,228)
<b>Net earned premiums</b>	<b>76,517,559</b>	<b>34,655,323</b>	<b>9,648,688</b>	<b>52,555,674</b>	<b>7,480,079</b>	<b>180,857,323</b>
Net claims paid	(87,636,881)	(20,843,206)	(15,525,546)	(26,119,683)	—	(150,125,316)
Change in net outstanding claims	12,774,366	12,975,732	(8,069,084)	8,656,008	(4,290,278)	22,046,744
<b>Net claims incurred</b>	<b>(74,862,515)</b>	<b>(7,867,474)</b>	<b>(23,594,630)</b>	<b>(17,463,675)</b>	<b>(4,290,278)</b>	<b>(128,078,572)</b>
Change in premium deficiency reserve	—	—	—	—	—	—
Gross acquisition costs	(16,664,785)	(9,845,266)	1,428,873	(11,775,798)	(3,558,729)	(40,415,705)
Supervision and inspection fees	(632,198)	(244,130)	(134,133)	(498,054)	(224,398)	(1,732,913)
Commissions on retroceded business	1,441,896	124,645	21,991	—	—	1,588,532
<b>Net acquisition costs</b>	<b>(15,855,087)</b>	<b>(9,964,751)</b>	<b>1,316,731</b>	<b>(12,273,852)</b>	<b>(3,783,127)</b>	<b>(40,560,086)</b>
<b>Net underwriting results</b>	<b>(14,200,043)</b>	<b>16,823,098</b>	<b>(12,629,211)</b>	<b>22,818,147</b>	<b>(593,326)</b>	<b>12,218,665</b>

	Kingdom of Saudi Arabia SR	Other Middle Eastern Countries SR	Africa SR	Asia SR	Other territories SR	Total SR
<b>For the six month period ended 30 June 2014 (Unaudited)</b>						
<b>Reinsurance operations' results</b>						
Gross written premiums	198,765,240	59,521,924	43,096,412	88,979,803	—	390,363,379
Retroceded premiums	(2,989,958)	(374,071)	(34,450)	—	—	(3,398,479)
Excess of loss expenses	(10,567,692)	(2,933,047)	(1,989,372)	(2,570,485)	—	(18,060,596)
<b>Net written premiums</b>	<b>185,207,590</b>	<b>56,214,806</b>	<b>41,072,590</b>	<b>86,409,318</b>	<b>—</b>	<b>368,904,304</b>
Change in net unearned premiums	(63,911,093)	(10,977,598)	(11,591,017)	(49,168,888)	—	(135,648,596)
<b>Net earned premiums</b>	<b>121,296,497</b>	<b>45,237,208</b>	<b>29,481,573</b>	<b>37,240,430</b>	<b>—</b>	<b>233,255,708</b>
Net claims paid	(77,525,883)	(10,860,482)	(9,443,989)	(2,384,831)	—	(100,215,185)
Change in net outstanding claims	(31,868,469)	(24,722,174)	(12,070,249)	(35,903,541)	—	(104,564,433)
<b>Net claims incurred</b>	<b>(109,394,352)</b>	<b>(35,582,656)</b>	<b>(21,514,238)</b>	<b>(38,288,372)</b>	<b>—</b>	<b>(204,779,618)</b>
Change in premium deficiency reserve	21,562,100	2,037,786	2,198,131	(3,587,842)	—	22,210,175
Gross acquisition costs	(23,799,988)	(7,119,626)	(8,201,260)	(8,120,917)	—	(47,241,791)
Supervision and inspection fees	(993,826)	(297,610)	(215,482)	(444,899)	—	(1,951,817)
Commissions on retroceded business	1,239,965	339,697	(9,018)	—	—	1,570,644
<b>Net acquisition costs</b>	<b>(23,553,849)</b>	<b>(7,077,539)</b>	<b>(8,425,760)</b>	<b>(8,565,816)</b>	<b>—</b>	<b>(47,622,964)</b>
<b>Net underwriting results</b>	<b>9,910,396</b>	<b>4,614,799</b>	<b>1,739,706</b>	<b>(13,201,600)</b>	<b>—</b>	<b>3,063,301</b>

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

### NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued) 30 June 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
<b>As at 30 June 2015 (Unaudited)</b>						
<b>Reinsurance operations</b>						
Segment assets	283,133,147	97,451,826	51,619,306	149,893,458	28,827,737	610,925,474
Segment liabilities	529,069,800	137,635,585	83,697,562	181,868,710	43,563,654	975,835,311
<b>As at 31 December 2014 (Audited)</b>						
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. BASIC AND DILUTED EARNINGS / (LOSS) PER SHARE

Basic and diluted earnings / (loss) per share for the three and six month periods ended 30 June 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.

#### 13. FAIR VALUE

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market of the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The Company's management believe that the carrying value of all financial assets and liabilities, other than those disclosed in note 7, approximate their fair values at the interim condensed financial statements.

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

These interim condensed financial statements have been approved by the Board of Directors on 10 Shawwal 1436H corresponding to 26 July 2015.