
SAUDI REINSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

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

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KPMG Al Fozan & Al Sadhan



Al-Bassam & Al-Nemer
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 September 2015, the related interim statements of income - reinsurance operations, shareholders' operations and statement of comprehensive income - shareholders' operations for the three month and nine month periods then ended, the related interim statement of changes in shareholders' equity, statements of cash flows - reinsurance operations and shareholders' operations for the nine 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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8 Muharram 1437H
(21 October 2015)

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Saudi Reinsurance Company (A Saudi Joint Stock Company)

INTERIM STATEMENT OF FINANCIAL POSITION

As at 30 September 2015

	Notes	30 September 2015 (Unaudited) SR	31 December 2014 (Audited) SR
REINSURANCE OPERATIONS' ASSETS			
Cash and bank balances		22,813,216	1,454,864
Time deposits	5	13,125,000	13,125,000
Premium receivables, net	4	123,963,776	112,739,098
Investments held at fair value through income statement	7	123,897,105	124,911,737
Accrued insurance premiums		553,431,691	220,186,253
Retroceded share of unearned premiums		8,939,006	2,080,440
Retroceded share of outstanding claims		82,505,681	105,139,646
Deferred acquisition costs		116,496,832	63,512,581
Deferred excess of loss premiums		23,584,609	17,311,815
Prepaid expenses and other assets		30,772,537	28,113,134
Due from shareholders' operations		228,549,227	188,019,813
Property and equipment, net		5,901,442	6,269,040
TOTAL REINSURANCE OPERATIONS' ASSETS		1,333,980,122	882,863,421
SHAREHOLDERS' ASSETS			
Cash and bank balances		123,809,414	2,567,730
Time deposits	5	45,000,000	24,000,000
Accrued special commission income from time deposits		267,753	70,035
Accrued special commission income from bonds and sukuk		3,125,817	3,703,766
Investments held at fair value through income statement	7	722,168,960	732,671,564
Held to maturity investments	8	—	145,470,427
Prepaid expenses and other assets		134,934	7,100,713
Statutory deposit	6	107,589,256	100,000,000
Property and equipment, net		33,053,198	33,521,502
TOTAL SHAREHOLDERS' ASSETS		1,035,149,332	1,049,105,737
TOTAL ASSETS		2,369,129,454	1,931,969,158
REINSURANCE OPERATIONS' LIABILITIES AND SURPLUS			
Accounts payable		17,391,517	22,617,656
Retrocession balances payable		24,925,866	4,173,060
Accrued retroceded premiums		1,721,059	1,129,253
Gross unearned premiums		615,204,825	238,458,639
Gross outstanding claims		663,751,812	609,842,291
Unearned commission income		2,188,282	749,782
Accrued expenses and other liabilities		4,972,501	2,479,662
Employees' end of service benefits		2,892,183	2,481,001
TOTAL REINSURANCE OPERATIONS' LIABILITIES		1,333,048,045	881,931,344
REINSURANCE OPERATIONS' SURPLUS			
Accumulated surplus		932,077	932,077
TOTAL REINSURANCE OPERATIONS' LIABILITIES AND SURPLUS		1,333,980,122	882,863,421
SHAREHOLDERS' LIABILITIES AND EQUITY			
SHAREHOLDERS' LIABILITIES			
Provision for zakat and income tax		33,913,667	35,441,642
Due to reinsurance operations		228,549,227	188,019,813
Accrued expenses and other liabilities		9,092,943	8,219,064
TOTAL SHAREHOLDERS' LIABILITIES		271,555,837	231,680,519
SHAREHOLDERS' EQUITY			
Share capital		1,000,000,000	1,000,000,000
Statutory reserve		6,070,924	6,070,924
Accumulated deficit		(242,477,429)	(188,645,706)
TOTAL SHAREHOLDERS' EQUITY		763,593,495	817,425,218
TOTAL SHAREHOLDERS' LIABILITIES AND EQUITY		1,035,149,332	1,049,105,737
TOTAL REINSURANCE OPERATIONS' LIABILITIES, SURPLUS, SHAREHOLDERS' LIABILITIES AND EQUITY		2,369,129,454	1,931,969,158

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 nine month periods ended 30 September 2015

	Notes	(Unaudited)			
		For the three month period ended		For the nine month period ended	
		30 September 2015 SR	30 September 2014 SR	30 September 2015 SR	30 September 2014 SR
Gross written premiums		397,054,831	131,960,148	743,637,425	522,323,527
Retroceded premiums		(3,284,061)	(1,817,615)	(9,354,536)	(5,216,094)
Excess of loss expenses		(6,939,130)	(5,717,821)	(31,146,699)	(23,778,417)
Net written premiums		386,831,640	124,424,712	703,136,190	493,329,016
Change in unearned premiums, net		(234,440,395)	15,827,720	(369,887,623)	(119,820,876)
Net earned premiums		152,391,245	140,252,432	333,248,567	373,508,140
Net claims paid	9	(39,610,232)	(60,258,297)	(189,735,548)	(160,473,482)
Change in outstanding claims, net		(98,590,230)	(52,951,050)	(76,543,487)	(157,515,483)
Net claims incurred		(138,200,462)	(113,209,347)	(266,279,035)	(317,988,965)
Change in premium deficiency reserve		--	(1,681,444)	--	20,528,731
Gross acquisition costs		(38,903,604)	(29,081,562)	(79,319,309)	(76,323,353)
Supervision and inspection fees		(1,985,274)	(659,801)	(3,718,187)	(2,611,618)
Commissions on retroceded business		(246,060)	924,253	1,342,471	2,494,897
Net acquisition costs		(41,134,938)	(28,817,110)	(81,695,025)	(76,440,074)
Deficit from reinsurance operations		(26,944,155)	(3,455,469)	(14,725,493)	(392,168)
Special commission income from time deposits		33,542	--	99,531	--
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	268,473	454,763	1,455,504	2,080,100
Other income		--	59,100	216,469	59,100
Investment management expenses		(75,038)	(52,427)	(228,273)	(142,468)
General and administrative expenses		(8,961,038)	(6,011,592)	(28,445,178)	(19,515,335)
Foreign exchange gain / (loss)		(2,794,910)	(38,350)	(2,351,707)	(115,615)
Net deficit from reinsurance operations		(38,473,126)	(9,043,975)	(43,964,207)	(18,026,386)
Shareholders' appropriation from reinsurance operations' deficit	2	38,473,126	9,043,975	43,964,207	18,026,386
Reinsurance operations' deficit after shareholders' appropriation		--	--	--	--
Accumulated surplus at the beginning of the period		--	--	932,077	932,077
Accumulated surplus at the end of the period		--	--	932,077	932,077

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

Saudi Reinsurance Company (A Saudi Joint Stock Company)
INTERIM STATEMENT OF INCOME - SHAREHOLDERS' OPERATIONS
For the three and nine month periods ended 30 September 2015

		(Unaudited)			
		For the three month period ended		For the nine month period ended	
		30 September 2015	30 September 2014	30 September 2015	30 September 2014
	Notes	SR	SR	SR	SR
Special commission income from time deposits		103,500	269,844	267,950	737,658
Special commission income from bonds and sukuk		1,274,539	2,026,448	4,119,709	6,424,685
Realized (losses) / gains on investments held at fair value through income statement	7	(139,717)	56	2,737,174	1,281,126
Unrealized (losses) / gains on investments held at fair value through income statement	7	(24,061,120)	13,016,790	(5,728,963)	43,006,641
Realized gains on investments held to maturity		6,032,940	--	6,032,940	--
Other income		--	--	2,716	248,129
Total investment income		(16,789,858)	15,313,138	7,431,526	51,698,239
General and administrative expenses		(1,077,488)	(3,908,018)	(3,589,809)	(11,825,150)
Investment management expenses		(754,901)	(1,026,961)	(2,335,800)	(2,361,118)
Board of directors' remunerations, meeting fees and expenses		(143,197)	(127,168)	(1,461,865)	(1,442,652)
Foreign exchange translation losses		--	--	(21,816)	(549,774)
Shareholders' appropriation from reinsurance operations' deficit	2	(38,473,126)	(9,043,975)	(43,964,207)	(18,026,386)
Net (loss) / income for the period		(57,238,570)	1,207,016	(43,941,971)	17,493,159
Basic and diluted (losses) / earnings per share for the period	12	(0.57)	0.01	(0.44)	0.17
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 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 nine month periods ended 30 September 2015

	(Unaudited)			
	For the three month period ended		For the nine month period ended	
	30 September 2015	30 September 2014	30 September 2015	30 September 2014
	SR	SR	SR	SR
Net (loss) / income for the period	(57,238,570)	1,207,016	(43,941,971)	17,493,159
Total comprehensive (loss) / income for the period	(57,238,570)	1,207,016	(43,941,971)	17,493,159



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 nine month period ended 30 September 2015

	GCC Shareholders and General Public			Non – GCC Shareholders			Total			Total
	Share capital	Statutory reserve	Accumulated deficit	Share capital	Statutory reserve	Retained earnings / Accumulated deficit	Share capital	Statutory reserve	Accumulated deficit	
	SR	SR	SR	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	2,177,850	13,221	2,191,071	(2,177,850)	(13,221)	(2,191,071)	--	--	--	--
Net income for the period	--	--	17,121,532	--	--	371,627	--	--	17,493,159	17,493,159
Zakat and income tax	--	--	(10,797,308)	--	--	--	--	--	(10,797,308)	(10,797,308)
Balance as at 30 September 2014 (Unaudited)	978,755,850	5,941,952	(173,652,220)	21,244,150	128,972	(3,950,830)	1,000,000,000	6,070,924	(177,603,050)	828,467,874
Balance as at 1 January 2015 (Audited)	974,152,000	5,914,003	(189,235,211)	25,848,000	156,921	589,505	1,000,000,000	6,070,924	(188,645,706)	817,425,218
Net loss for the period	--	--	(42,872,605)	--	--	(1,069,366)	--	--	(43,941,971)	(43,941,971)
Zakat and income tax	--	--	(9,889,752)	--	--	--	--	--	(9,889,752)	(9,889,752)
Balance as at 30 September 2015 (Unaudited)	974,152,000	5,914,003	(241,997,568)	25,848,000	156,921	(479,861)	1,000,000,000	6,070,924	(242,477,429)	763,593,495




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 nine month period ended 30 September 2015

	(Unaudited)	
	30 September 2015 SR	30 September 2014 SR
Notes		
OPERATING ACTIVITIES		
Reinsurance operations' deficit after shareholders' appropriation	--	--
Adjustments to reconcile reinsurance operations' deficit after shareholders' appropriation to net cash from operating activities:		
Employees' end of service benefits	887,004	536,676
Depreciation	1,765,750	1,346,499
Realized gains on investments held at fair value through income statement	(14,940)	--
Unrealized gains on investments held at fair value through income statement	(1,455,504)	(2,080,100)
Loss from disposal of property and equipment	86,998	--
Retroceded share of unearned premiums	(6,858,566)	2,129,824
Gross unearned premiums	376,746,186	117,691,055
Shareholders' appropriation from reinsurance operations' deficit	(43,964,207)	(18,026,386)
Operating loss before changes in operating assets and liabilities	327,192,721	101,597,568
Changes in operating assets and liabilities:		
Premiums receivable, net	(11,224,678)	(58,777,636)
Accrued insurance premiums	(333,245,438)	(119,159,947)
Retroceded share of outstanding claims	22,633,965	5,533,512
Deferred acquisition costs	(52,984,251)	(29,101,825)
Deferred excess of loss premiums	(6,272,794)	(7,358,962)
Prepaid expenses and other assets	(2,659,403)	(1,070,745)
Accounts payable	(5,226,139)	12,419,241
Retrocession balances payable	20,752,806	1,119,604
Accrued retroceded premiums	591,806	(2,716,972)
Gross outstanding claims	53,909,521	151,981,972
Premium deficiency reserves	--	(20,528,731)
Unearned commission income	1,438,500	(585,204)
Accrued expenses and other liabilities	2,492,839	352,164
Cash from operations	17,399,455	33,704,039
Employees' end of service benefits paid	(475,822)	--
Net cash from operating activities	16,923,633	33,704,039
INVESTING ACTIVITIES		
Purchase of property and equipment	(1,817,037)	(1,265,407)
Additions in investments held at fair value through income statement	7 (34,725,973)	(43,289,658)
Proceeds from disposal of property plant and equipment	331,887	864,235
Proceeds from investments held at fair value through income statement	7 37,211,049	25,420,286
Net cash from / (used in) investing activities	999,926	(18,270,544)
FINANCING ACTIVITY		
Due from shareholders' operations	3,434,793	(14,984,001)
Net cash from / (used in) financing activity	3,434,793	(14,984,001)
INCREASE IN CASH AND BANK BALANCES	21,358,352	449,494
Cash and bank balances at the beginning of the period	1,454,864	5,268,638
CASH AND BANK BALANCES AT THE END OF THE PERIOD	22,813,216	5,718,132

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 - SHAREHOLDERS' OPERATIONS
For the nine month period ended 30 September 2015

	(Unaudited)	
	30 September 2015 SR	30 September 2014 SR
<i>Notes</i>		
OPERATING ACTIVITIES		
Net (loss) / income for the period	(43,941,971)	17,493,159
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation	600,621	497,122
Realized gains on investments held at fair value through income statement	(2,737,174)	(1,281,126)
Unrealized (loss) / gain on investments held at fair value through income statement	5,728,963	(43,006,641)
Income on statutory deposit	(7,589,256)	--
Shareholders' appropriation from reinsurance operations' deficit	43,964,207	18,026,386
Operating deficit before changes in operating assets and liabilities	(3,974,610)	(8,271,100)
Changes in operating assets and liabilities:		
Prepaid expenses and other assets	6,965,779	(978,394)
Accrued expenses and other liabilities	873,879	815,273
Accounts payable	--	(500,000)
Zakat and income tax paid	(11,417,727)	(12,928,635)
Net cash used in operating activities	(7,552,679)	(21,862,856)
INVESTING ACTIVITIES		
Purchase of property and equipment	(132,317)	(1,213,302)
Accrued special commission income from time deposits	(197,718)	(737,657)
Accrued special commission income from bonds and sukuk	577,949	1,320,675
Additions in investments held at fair value through income statement	7 (181,748,643)	(231,526,946)
Proceeds from investments held at fair value through income statement	7 189,259,458	153,260,951
Time deposits, net	(21,000,000)	(13,125,000)
Proceeds from held to maturity investments	145,470,427	28,500,073
Net cash from / (used in) investing activities	132,229,156	(63,521,206)
FINANCING ACTIVITY		
Due to reinsurance operations	(3,434,793)	14,984,001
Cash (used in) / from financing activity	(3,434,793)	14,984,001
INCREASE / (DECREASE) IN CASH AND BANK BALANCES	121,241,684	(70,400,061)
Cash and bank balances at the beginning of the period	2,567,730	85,673,516
CASH AND BANK BALANCES AT THE END OF THE PERIOD	123,809,414	15,273,455




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 nine month period ended 30 September 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 nine month periods ended 30 September 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 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 30 September 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 30 September 2015

4. PREMIUM RECEIVABLES, NET

	30 September 2015 (Unaudited) SR	31 December 2014 (Audited) SR
Premium receivable	128,004,298	116,296,386
Allowance for doubtful receivables	(4,040,522)	(3,557,288)
	<u>123,963,776</u>	<u>112,739,098</u>

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. Further, this account also include special commission income of SR 7,589,256 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:

	30 September 2015 (Unaudited)		31 December 2014 (Audited)	
	Reinsurance operations SR	Shareholders' operations SR	Reinsurance operations SR	Shareholders' operations SR
Investments in:				
- Bonds	52,252,782	354,684,695	51,142,163	309,705,257
- Equities	--	175,529,490	--	185,778,294
- Funds	71,644,323	131,917,706	73,769,574	197,150,944
- Sukuk	--	60,037,069	--	40,037,069
Total investments	<u>123,897,105</u>	<u>722,168,960</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 September 2015

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

As at 30 September 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 September 2015 (Unaudited)			
	Level 1 SR	Level 2 SR	Level 3 SR	Total SR
- Bonds	354,684,695	--	--	354,684,695
- Equities	175,529,490	--	--	175,529,490
- Funds	106,917,706	--	--	106,917,706
- Sukuk	--	60,037,069	--	60,037,069
	637,131,891	60,037,069	--	697,168,960

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	--	--	172,150,944
- Sukuk	--	40,037,069	--	40,037,069
	667,634,495	40,037,069	--	707,671,564

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 30 September 2015 and year ended 31 December 2014.
- iv. The movements of investments held at fair value through income statement are as follows:

	For the nine month period ended 30 September 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	181,748,643	83,847,393	259,845,023
Disposals during the period	(37,211,049)	(189,259,458)	(56,921,301)	(153,261,010)
Unrealized gains / (losses)	1,455,504	(5,728,963)	2,430,636	29,626,814
Realized gains	14,940	2,737,174	225,850	1,281,183
Closing balance	123,897,105	722,168,960	124,911,737	732,671,564

Investments held by reinsurance and shareholders' operations include SR 2.4 million and SR 11.8 million respectively as at 30 September 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.

Saudi Reinsurance Company (A Saudi Joint Stock Company)

NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (continued) For the period ended 30 September 2015

8. HELD TO MATURITY INVESTMENTS

The Company has 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 nine month period ended	
	30 September 2015 (Unaudited) SR	30 September 2014 (Unaudited) SR	30 September 2015 (Unaudited) SR	30 September 2014 (Unaudited) SR
Gross claims paid	(56,128,403)	(73,196,115)	(211,393,446)	(185,978,088)
Retroceded share of claims paid	16,518,171	12,937,818	21,657,898	25,504,606
Net claims paid	(39,610,232)	(60,258,297)	(189,735,548)	(160,473,482)

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 nine month period ended		Balance as at	
		30 September 2015 (Unaudited) SR	30 September 2014 (Unaudited) SR	30 September 2015 (Unaudited) SR	31 December 2014 (Audited) SR
Board of Directors	Consulting fees	251,474	190,996	--	--
	Remunerations, Meeting fees and expenses	1,461,865	1,442,651	122,253	204,000
Key management personnel	Short term benefits	6,537,588	7,136,320	532,125	700,000
	End of service benefits	287,744	277,281	931,245	741,820
Companies represented by the BOD members	Gross written premiums	8,206,097	3,044,934	2,763,246	4,644,525
	Claims incurred	2,533,137	1,223,979	6,184,831	5,892,390
	Commission	1,174,076	730,733	--	--

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 September 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 30 September 2015 (Unaudited)									
Reinsurance operations' results									
Gross written premiums	27,702,095	41,181,075	15,494,001	278,023,832	(743,192)	7,076,288	--	28,320,732	397,054,831
Retroceded premiums	(139,916)	(829,040)	(454,160)	--	(1,606,998)	--	--	(253,947)	(3,284,061)
Excess of loss expenses	(1,999,866)	(3,250,534)	(202,806)	(3,274)	(347,063)	(430,013)	--	(705,574)	(6,939,130)
Net written premiums	25,562,313	37,101,501	14,837,035	278,020,558	(2,697,253)	6,646,275	--	27,361,211	386,831,640
Change in net unearned premiums	(6,764,550)	(216,614)	(3,193,743)	(229,839,819)	7,257,777	5,557,210	3,739,968	(10,980,624)	(234,440,395)
Net earned premiums	18,797,763	36,884,887	11,643,292	48,180,739	4,560,524	12,203,485	3,739,968	16,380,587	152,391,245
Net claims paid	(3,312,630)	(19,659,154)	(3,445,363)	(2,977,710)	(553,510)	(6,935,938)	--	(2,725,927)	(39,610,232)
Change in net outstanding claims	(21,384,374)	(18,805,515)	(170,471)	(35,543,395)	(1,279,824)	(12,857,072)	(2,447,304)	(6,102,275)	(98,590,230)
Net claims incurred	(24,697,004)	(38,464,669)	(3,615,834)	(38,521,105)	(1,833,334)	(19,793,010)	(2,447,304)	(8,828,202)	(138,200,462)
Change in premium deficiency reserve	--	--	--	--	--	--	--	--	--
Gross acquisition costs	(7,747,476)	(11,371,371)	(5,879,961)	(8,000,101)	(2,532,553)	(593,793)	(1,779,366)	(998,983)	(38,903,604)
Supervision and inspection fees	(134,205)	(210,211)	(77,470)	(1,390,119)	3,716	(35,381)	(2,856)	(138,748)	(1,985,274)
Commissions on retroceded business	87,224	(361,189)	(9,819)	--	(34,768)	89	--	72,403	(246,060)
Net acquisition costs	(7,794,457)	(11,942,771)	(5,967,250)	(9,390,220)	(2,563,605)	(629,085)	(1,782,222)	(1,065,328)	(41,134,938)
Net underwriting results	(13,693,698)	(13,522,553)	2,060,208	269,414	163,585	(8,218,610)	(489,558)	6,487,057	(26,944,155)

Saudi Reinsurance Company (A Saudi Joint Stock Company)

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

30 September 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 30 September 2014 (Unaudited)									
Reinsurance operations' results									
Gross written premiums	27,873,454	53,070,530	17,367,715	7,288,153	6,772,502	15,908,659	--	3,679,135	131,960,148
Retroceded premiums	(988,799)	(587,844)	(103,917)	-	(137,055)	-	--	-	(1,817,615)
Excess of loss expenses	(1,543,340)	(3,449,584)	(236,210)	-	-	(339,866)	--	(148,821)	(5,717,821)
Net written premiums	25,341,315	49,033,102	17,027,588	7,288,153	6,635,447	15,568,793	--	3,530,314	124,424,712
Change in net unearned premiums	(6,336,079)	(5,143,893)	(1,801,116)	2,166,156	862,995	22,109,358	--	3,970,299	15,827,720
Net earned premiums	19,005,236	43,889,209	15,226,472	9,454,309	7,498,442	37,678,151	--	7,500,613	140,252,432
Net claims paid	(4,993,585)	(14,153,699)	(3,347,112)	(3,727,398)	(767,667)	(23,922,647)	--	(9,346,189)	(60,258,297)
Change in net outstanding claims	(6,085,995)	(34,881,139)	925,817	(1,827,167)	(271,483)	(9,263,256)	--	(1,547,827)	(52,951,050)
Net claims incurred	(11,079,580)	(49,034,838)	(2,421,295)	(5,554,565)	(1,039,150)	(33,185,903)	--	(10,894,016)	(113,209,347)
Change in premium deficiency reserve	5,101,586	18,231,000	(1,350,070)	1,287,446	(1,967,430)	(18,693,200)	--	(4,290,776)	(1,681,444)
Gross acquisition costs	(6,695,409)	(12,607,100)	(4,796,017)	(725,290)	(2,052,482)	(1,531,292)	--	(673,972)	(29,081,562)
Supervision and inspection fees	(139,368)	(265,352)	(86,838)	(36,441)	(33,862)	(79,543)	--	(18,397)	(659,801)
Commissions on retroceded business	473,539	194,685	88,965	-	167,064	-	--	-	924,253
Net acquisition costs	(6,361,238)	(12,677,767)	(4,793,890)	(761,731)	(1,919,280)	(1,610,835)	--	(692,369)	(28,817,110)
Net underwriting results	6,666,004	407,604	6,661,217	4,425,459	2,572,582	(15,811,787)	--	(8,376,548)	(3,455,469)

Saudi Reinsurance Company (A Saudi Joint Stock Company)

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

30 September 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 nine month period ended 30 September 2015 (Unaudited)									
Reinsurance operations' results									
Gross written premiums	75,156,436	137,993,164	52,571,531	298,613,904	30,053,991	36,679,739	44,879,611	67,689,049	743,637,425
Retroceded premiums	(5,093,045)	(1,958,705)	(318,343)	(4,435)	(1,296,717)	(365,191)	--	(318,100)	(9,354,536)
Excess of loss expenses	(6,633,945)	(19,911,070)	(911,436)	(3,274)	(352,470)	(1,290,039)	--	(2,044,465)	(31,146,699)
Net written premiums	63,429,446	116,123,389	51,341,752	298,606,195	28,404,804	35,024,509	44,879,611	65,326,484	703,136,190
Change in net unearned premiums	(19,702,551)	(31,413,684)	(11,640,646)	(237,241,369)	(7,031,291)	952,995	(33,659,707)	(30,151,370)	(369,887,623)
Net earned premiums	43,726,895	84,709,705	39,701,106	61,364,826	21,373,513	35,977,504	11,219,904	35,175,114	333,248,567
Net claims paid	(10,613,211)	(84,596,222)	(15,252,680)	(8,541,395)	(7,248,214)	(52,687,378)	--	(10,796,448)	(189,735,548)
Change in net outstanding claims	(25,447,699)	18,711,265	379,785	(36,659,265)	(4,442,207)	(14,208,703)	(6,400,357)	(8,476,306)	(76,543,487)
Net claims incurred	(36,060,910)	(65,884,957)	(14,872,895)	(45,200,660)	(11,690,421)	(66,896,081)	(6,400,357)	(19,272,754)	(266,279,035)
Change in premium deficiency reserve	--	--	--	--	--	--	--	--	--
Gross acquisition costs	(17,219,690)	(27,367,957)	(14,775,103)	(4,792,661)	(7,795,434)	677,233	(5,338,095)	(2,707,602)	(79,319,309)
Supervision and inspection fees	(371,477)	(694,271)	(262,858)	(1,493,070)	(150,270)	(183,398)	(227,535)	(335,308)	(3,718,187)
Commissions on retroceded business	923,912	(37,525)	229,247	443	100,616	46,087	--	79,691	1,342,471
Net acquisition costs	(16,667,255)	(28,099,753)	(14,808,714)	(6,285,288)	(7,845,088)	539,922	(5,565,630)	(2,963,219)	(81,695,025)
Net underwriting results	(9,001,270)	(9,275,005)	10,019,497	9,878,878	1,838,004	(30,378,655)	(746,083)	12,939,141	(14,725,493)

Saudi Reinsurance Company (A Saudi Joint Stock Company)

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

30 September 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 nine month period ended 30 September 2014 (Unaudited)									
Reinsurance operations' results									
Gross written premiums	83,990,853	198,943,886	56,268,598	23,541,374	35,879,244	91,917,062	--	31,782,510	522,323,527
Retroceded premiums	(4,812,952)	(819,396)	128,206	-	178,180	(506)	--	110,374	(5,216,094)
Excess of loss expenses	(5,667,138)	(14,708,846)	(956,098)	(390,013)	(411,886)	(1,171,580)	--	(472,856)	(23,778,417)
Net written premiums	73,510,763	183,415,644	55,440,706	23,151,361	35,645,538	90,744,976	--	31,420,028	493,329,016
Change in net unearned premiums	(18,262,441)	(54,574,091)	(15,336,307)	9,370,052	(10,021,981)	(20,722,941)	--	(10,273,167)	(119,820,876)
Net earned premiums	55,248,322	128,841,553	40,104,399	32,521,413	25,623,557	70,022,035	--	21,146,861	373,508,140
Net claims paid	(10,909,039)	(73,539,039)	(9,833,307)	(17,345,296)	(736,477)	(35,940,678)	--	(12,169,646)	(160,473,482)
Change in net outstanding claims	(41,817,992)	(47,578,660)	(11,043,786)	(13,451,353)	(6,563,486)	(18,664,590)	--	(18,395,616)	(157,515,483)
Net claims incurred	(52,727,031)	(121,117,699)	(20,877,093)	(30,796,649)	(7,299,963)	(54,605,268)	--	(30,565,262)	(317,988,965)
Change in premium deficiency reserve	(5,869,485)	32,785,703	(1,123,291)	3,431,661	(718,310)	(5,850,759)	--	(2,126,788)	20,528,731
Gross acquisition costs	(15,587,903)	(34,316,282)	(11,153,101)	(4,653,267)	(5,823,412)	(2,858,490)	--	(1,930,898)	(76,323,353)
Supervision and inspection fees	(419,954)	(994,719)	(281,343)	(117,707)	(179,396)	(459,585)	--	(158,914)	(2,611,618)
Commissions on retroceded business	1,484,845	643,316	181,047	-	180,731	14,553	--	(9,595)	2,494,897
Net acquisition costs	(14,523,012)	(34,667,685)	(11,253,397)	(4,770,974)	(5,822,077)	(3,303,522)	--	(2,099,407)	(76,440,074)
Net underwriting results	(17,871,206)	5,841,872	6,850,618	385,451	11,783,207	6,262,486	--	(13,644,596)	(392,168)

Saudi Reinsurance Company (A Saudi Joint Stock Company)

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

30 September 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 30 September 2015 (Unaudited)									
Segment assets	114,475,383	211,263,072	68,127,348	331,336,590	34,470,221	50,095,869	39,898,203	59,254,909	908,921,595
Segment liabilities	242,917,780	389,233,378	78,831,304	340,842,802	49,169,882	71,023,597	41,018,320	112,146,298	1,325,183,361
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 September 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 30 September 2015 (Unaudited)						
Reinsurance operations' results						
Gross written premiums	357,687,359	30,215,400	1,811,074	7,340,998	--	397,054,831
Retroceded premiums	(4,464,575)	770,368	426,228	(16,082)	--	(3,284,061)
Excess of loss expenses	(3,320,006)	(1,781,066)	(703,642)	(1,134,416)	--	(6,939,130)
Net written premiums	349,902,778	29,204,702	1,533,660	6,190,500	--	386,831,640
Change in net unearned premiums	(260,686,455)	(8,537,656)	6,419,734	24,624,015	3,739,967	(234,440,395)
Net earned premiums	89,216,323	20,667,046	7,953,394	30,814,515	3,739,967	152,391,245
Net claims paid	(19,582,783)	(8,975,326)	(4,159,881)	(6,892,242)	--	(39,610,232)
Change in net outstanding claims	(61,802,140)	(7,306,975)	(7,390,536)	(19,980,500)	(2,110,079)	(98,590,230)
Net claims incurred	(81,384,923)	(16,282,301)	(11,550,417)	(26,872,742)	(2,110,079)	(138,200,462)
Change in premium deficiency reserve	--	--	--	--	--	--
Gross acquisition costs	(15,927,697)	(6,152,511)	(5,642,395)	(9,401,634)	(1,779,367)	(38,903,604)
Supervision and inspection fees	(1,788,437)	(151,077)	(9,055)	(36,705)	--	(1,985,274)
Commissions on retroceded business	80,901	(249,860)	(79,053)	1,952	--	(246,060)
Net acquisition costs	(17,635,233)	(6,553,448)	(5,730,503)	(9,436,387)	(1,779,367)	(41,134,938)
Net underwriting results	(9,803,833)	(2,168,703)	(9,327,526)	(5,494,614)	(149,479)	(26,944,155)

	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 30 September 2014 (Unaudited)						
Reinsurance operations' results						
Gross written premiums	64,182,318	33,822,959	15,399,581	18,555,290	--	131,960,148
Retroceded premiums	(1,676,464)	(121,823)	(19,328)	--	--	(1,817,615)
Excess of loss expenses	(2,635,723)	(1,418,317)	(1,236,548)	(427,233)	--	(5,717,821)
Net written premiums	59,870,131	32,282,819	14,143,705	18,128,057	--	124,424,712
Change in net unearned premiums	9,954,204	(9,108,014)	5,723,709	9,257,821	--	15,827,720
Net earned premiums	69,824,335	23,174,805	19,867,414	27,385,878	--	140,252,432
Net claims paid	(27,392,144)	(9,030,367)	(17,460,335)	(6,375,451)	--	(60,258,297)
Change in net outstanding claims	(25,816,048)	(8,519,246)	(11,741,185)	(6,874,571)	--	(52,951,050)
Net claims incurred	(53,208,192)	(17,549,613)	(29,201,520)	(13,250,022)	--	(113,209,347)
Change in premium deficiency reserve	(14,741,986)	4,577,493	3,222,839	5,260,210	--	(1,681,444)
Gross acquisition costs	(14,129,111)	(5,321,218)	(3,007,116)	(6,624,117)	--	(29,081,562)
Supervision and inspection fees	(320,912)	(169,114)	(76,998)	(92,777)	--	(659,801)
Commissions on retroceded business	888,584	29,553	6,116	--	--	924,253
Net acquisition costs	(13,561,439)	(5,460,779)	(3,077,998)	(6,716,894)	--	(28,817,110)
Net underwriting results	(11,687,282)	4,741,906	(9,189,265)	12,679,172	--	(3,455,469)

Saudi Reinsurance Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued) 30 September 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 nine month period ended 30 September 2015 (Unaudited)						
Reinsurance operations' results						
Gross written premiums	484,127,004	79,041,317	28,637,752	106,951,740	44,879,612	743,637,425
Retroceded premiums	(9,943,414)	246,061	358,899	(16,082)	—	(9,354,536)
Excess of loss expenses	(20,028,376)	(3,252,871)	(3,194,299)	(4,671,153)	—	(31,146,699)
Net written premiums	454,155,214	76,034,507	25,802,352	102,264,505	44,879,612	703,136,190
Change in net unearned premiums	(288,421,333)	(20,712,139)	(8,200,270)	(18,894,173)	(33,659,708)	(369,887,623)
Net earned premiums	165,733,881	55,322,368	17,602,082	83,370,332	11,219,904	333,248,567
Net claims paid	(107,219,664)	(29,818,532)	(19,685,427)	(33,011,925)	—	(189,735,548)
Change in net outstanding claims	(49,027,774)	5,668,757	(15,459,620)	(11,324,492)	(6,400,358)	(76,543,487)
Net claims incurred	(156,247,438)	(24,149,775)	(35,145,047)	(44,336,417)	(6,400,358)	(266,279,035)
Change in premium deficiency reserve	—	—	—	—	—	—
Gross acquisition costs	(32,592,482)	(15,997,777)	(4,213,522)	(21,177,432)	(5,338,096)	(79,319,309)
Supervision and inspection fees	(2,420,635)	(395,207)	(143,189)	(534,759)	(224,397)	(3,718,187)
Commissions on retroceded business	1,522,797	(125,215)	(57,062)	1,951	—	1,342,471
Net acquisition costs	(33,490,320)	(16,518,199)	(4,413,773)	(21,710,240)	(5,562,493)	(81,695,025)
Net underwriting results	(24,003,877)	14,654,394	(21,956,738)	17,323,675	(742,947)	(14,725,493)
	Kingdom of Saudi Arabia SR	Other Middle Eastern Countries SR	Africa SR	Asia SR	Other territories SR	Total SR

For the nine month period ended 30 September 2014 (Unaudited)

Reinsurance operations' results						
Gross written premiums	262,947,558	93,344,883	58,495,993	107,535,093	—	522,323,527
Retroceded premiums	(4,666,422)	(495,894)	(53,778)	—	—	(5,216,094)
Excess of loss expenses	(13,203,415)	(4,351,364)	(3,225,920)	(2,997,718)	—	(23,778,417)
Net written premiums	245,077,721	88,497,625	55,216,295	104,537,375	—	493,329,016
Change in net unearned premiums	(53,956,889)	(20,085,612)	(5,867,308)	(39,911,067)	—	(119,820,876)
Net earned premiums	191,120,832	68,412,013	49,348,987	64,626,308	—	373,508,140
Net claims paid	(104,918,027)	(19,890,849)	(26,904,324)	(8,760,282)	—	(160,473,482)
Change in net outstanding claims	(57,684,517)	(33,241,420)	(23,811,434)	(42,778,112)	—	(157,515,483)
Net claims incurred	(162,602,544)	(53,132,269)	(50,715,758)	(51,538,394)	—	(317,988,965)
Change in premium deficiency reserve	6,820,114	6,615,279	5,420,970	1,672,368	—	20,528,731
Gross acquisition costs	(37,929,099)	(12,440,844)	(11,208,376)	(14,745,034)	—	(76,323,353)
Supervision and inspection fees	(1,314,738)	(466,724)	(292,480)	(537,676)	—	(2,611,618)
Commissions on retroceded business	2,128,549	369,250	(2,902)	—	—	2,494,897
Net acquisition costs	(37,115,288)	(12,538,318)	(11,503,758)	(15,282,710)	—	(76,440,074)
Net underwriting results	(1,776,886)	9,356,705	(7,449,559)	(522,428)	—	(392,168)

Saudi Reinsurance Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued) 30 September 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 30 September 2015 (Unaudited) Reinsurance operations						
Segment assets	628,074,073	97,042,663	39,252,202	117,825,803	26,726,854	908,921,595
Segment liabilities	865,156,588	154,658,791	84,840,412	180,493,327	40,034,243	1,325,183,361
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. BASIC AND DILUTED (LOSSES) / EARNINGS PER SHARE

Basic and diluted (losses) / earnings per share for the three and nine month periods ended 30 September 2015 and 2014 have been calculated by dividing net (loss) / income 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 7 Muharram 1437H corresponding to 20 October 2015.