
SAUDI REINSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

**INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
AND INDEPENDENT AUDITORS' LIMITED REVIEW REPORT
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2015**

Saudi Reinsurance Company (A Saudi Joint Stock Company)**INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)****AND INDEPENDENT AUDITORS' LIMITED REVIEW REPORT****For The Three Month Period Ended 31 March 2015**

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Al-Bassam & Al-Nemer
Allied Accountants

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

SCOPE OF REVIEW:

We have reviewed the accompanying interim statement of financial position of Saudi Reinsurance Company (A Saudi Joint Stock Company) (the "Company") as at 31 March 2015 and the related interim statements of reinsurance comprehensive operations and accumulated surplus, shareholders' operations, shareholders' comprehensive operations, changes in shareholders' equity, reinsurance operations' cash flows and shareholders' cash flows for the three month period then ended and the related notes which form an integral part of these interim condensed financial statements. These interim condensed financial statements are the responsibility of the Company's management and have been prepared by them in accordance with International Accounting Standard – 34 "Interim Financial Reporting" and submitted to us together with all the information and explanations which we required. We conducted our limited review in accordance with the Standard on Review of Interim Financial Reporting issued by the Saudi Organization for Certified Public Accountants ("SOCPA"). A limited review consists principally of applying analytical procedures to financial data and information and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

CONCLUSION:

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

EMPHASIS OF A MATTER:

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

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30 Jumad Thani 1436H
(19 April 2015)

Saudi Reinsurance Company (A Saudi Joint Stock Company)

INTERIM STATEMENT OF FINANCIAL POSITION

As at 31 March 2015

	Notes	31 March 2015 (Unaudited) SR	31 December 2014 (Audited) SR
REINSURANCE OPERATIONS' ASSETS			
Cash and bank balances		9,546,303	1,454,864
Time deposits	5	13,125,000	13,125,000
Accrued special commission income from time deposits		102,813	-
Premiums receivable, net	4	115,629,451	112,739,098
Investments held at fair value through income statement	7	109,454,345	124,911,737
Accrued insurance premiums		317,498,234	220,186,253
Retroceded share of unearned premiums		3,246,244	2,080,440
Retroceded share of outstanding claims		103,305,177	105,139,646
Deferred acquisition costs		97,635,783	63,512,581
Deferred excess of loss premiums		10,028,215	17,311,815
Prepaid expenses and other assets		27,730,872	28,113,134
Due from shareholders' operations		235,316,166	188,019,813
Property and equipment, net		6,387,268	6,269,040
TOTAL REINSURANCE OPERATIONS' ASSETS		1,049,005,871	882,863,421
SHAREHOLDERS' ASSETS			
Cash and bank balances		102,396,297	2,567,730
Time deposits	5	45,000,000	24,000,000
Accrued special commission income from time deposits		61,879	70,035
Accrued special commission income from bonds and sukuk		2,091,188	3,703,766
Investments held at fair value through income statement	7	745,296,493	732,671,564
Held to maturity investments	8	51,695,681	145,470,427
Prepaid expenses and other assets		7,739,423	7,100,713
Statutory deposit	6	100,000,000	100,000,000
Property and equipment, net		33,459,567	33,521,502
TOTAL SHAREHOLDERS' ASSETS		1,087,740,528	1,049,105,737
TOTAL ASSETS		2,136,746,399	1,931,969,158
REINSURANCE OPERATIONS' LIABILITIES AND SURPLUS			
Accounts payable		33,731,132	22,617,656
Retrocession balances payable		12,519,065	4,173,060
Accrued retroceded premiums		1,248,004	1,129,253
Gross unearned premiums		397,931,236	238,458,639
Gross outstanding claims		594,860,455	609,842,291
Unearned commission income		901,905	749,782
Accrued expenses and other liabilities		4,244,515	2,479,662
Employees' end of service benefits		2,637,482	2,481,001
TOTAL REINSURANCE OPERATIONS' LIABILITIES		1,048,073,794	881,931,344
REINSURANCE OPERATIONS' SURPLUS		932,077	932,077
TOTAL REINSURANCE OPERATIONS' LIABILITIES AND SURPLUS		1,049,005,871	882,863,421
SHAREHOLDERS' LIABILITIES AND EQUITY			
SHAREHOLDERS' LIABILITIES			
Provision for zakat and income tax		38,611,074	35,441,642
Due to reinsurance operations		235,316,166	188,019,813
Accrued expenses and other liabilities		8,872,530	8,219,064
TOTAL SHAREHOLDERS' LIABILITIES		282,799,770	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		(201,130,166)	(188,645,706)
TOTAL SHAREHOLDERS' EQUITY		804,940,758	817,425,218
TOTAL SHAREHOLDERS' LIABILITIES AND EQUITY		1,087,740,528	1,049,105,737
TOTAL REINSURANCE OPERATIONS' LIABILITIES AND SURPLUS AND SHAREHOLDERS' LIABILITIES AND EQUITY		2,136,746,399	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 REINSURANCE COMPREHENSIVE OPERATIONS
AND ACCUMULATED SURPLUS**

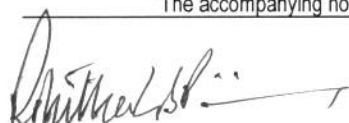
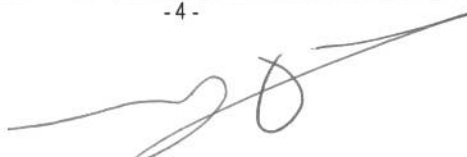
	Notes	For the three month period ended	
		31 March 2015	31 March 2014
		(Unaudited) SR	(Unaudited) SR
Gross written premiums		243,754,111	299,443,905
Retroceded premiums		(2,981,495)	432,905
Excess of loss expenses		(15,795,576)	(8,607,919)
Net written premiums		224,977,040	291,268,891
Change in net unearned premiums		(158,306,794)	(176,345,009)
Net earned premiums		66,670,246	114,923,882
Net claims paid	9	(81,129,822)	(41,118,598)
Change in net outstanding claims		13,147,369	(54,484,921)
Net claims incurred		(67,982,453)	(95,603,519)
Gross acquisition costs		(13,395,500)	(15,303,092)
Supervision and inspection fees		(1,218,773)	(1,497,220)
Commissions on retroceded business		525,274	425,815
Net acquisition costs		(14,088,999)	(16,374,497)
Change in premium deficiency reserve		-	11,948,741
Net underwriting results		(15,401,206)	14,894,607
Special commission income from time deposits		32,813	-
Realized gains on investments held at fair value through income statement	7	14,941	-
Unrealized gains on investments held at fair value through income statement	7	1,135,444	840,758
Other income		216,469	-
Investment management expenses		(72,183)	(43,292)
General and administrative expenses		(11,565,815)	(5,767,207)
Net (deficit) surplus from reinsurance operations		(25,639,537)	9,924,866
Shareholders' appropriation from reinsurance operations' deficit (surplus)		25,639,537	(8,932,379)
Reinsurance operations' surplus after shareholders' appropriation		-	992,487
Accumulated surplus at the beginning of the period		932,077	932,077
Accumulated surplus at the end of the period		932,077	1,924,564

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

Saudi Reinsurance Company (A Saudi Joint Stock Company)
INTERIM STATEMENT OF SHAREHOLDERS' OPERATIONS

	Notes	For the three month period ended	
		31 March 2015	31 March 2014
		(Unaudited) SR	(Unaudited) SR
Special commission income from time deposits		62,075	231,164
Special commission income from bonds and sukuk		1,901,304	2,085,891
Realized gains on investments held at fair value through income statement	7	1,914,082	104,941
Unrealized gains on investments held at fair value through income statement	7	14,761,823	16,889,796
Other income		2,718	-
Total revenues		18,642,002	19,311,792
General and administrative expenses		(1,415,859)	(4,455,738)
Investment management expenses		(764,990)	(591,864)
Board of directors' remuneration, meeting fees and expenses		(114,825)	(145,390)
Foreign exchange translation losses		(21,819)	(549,774)
Shareholders' appropriation from reinsurance operations' (deficit) surplus		(25,639,537)	8,932,379
Net (loss) income for the period		(9,315,028)	22,501,405
Basic and diluted (loss) earnings per share for the period	12	(0.093)	0.225
Weighted average number of issued and outstanding shares		100,000,000	100,000,000

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

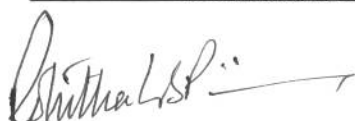



Saudi Reinsurance Company (A Saudi Joint Stock Company)

INTERIM STATEMENT OF SHAREHOLDERS' COMPREHENSIVE OPERATIONS

	For the three month period ended	
	31 March 2015 (Unaudited) SR	31 March 2014 (Unaudited) SR
Net (loss) income for the period	(9,315,028)	22,501,405
Other comprehensive loss of shareholders' operations Items not to be reclassified subsequently to the income statement:		
Zakat and income tax	(3,169,432)	(4,412,548)
Total comprehensive (loss) income for the period	(12,484,460)	18,088,857

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

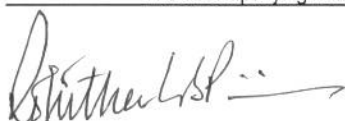
	GCC Shareholders and General Public			Non – GCC Shareholders			Total			
	Share capital SR	Statutory reserve SR	Accumulated deficit SR	Share capital SR	Statutory reserve SR	Retained earnings SR	Share capital SR	Statutory reserve SR	Accumulated deficit SR	Total SR
Balance as at 1 January 2014 (Audited)	976,578,000	5,928,731	(182,167,515)	23,422,000	142,193	(2,131,386)	1,000,000,000	6,070,924	(184,298,901)	821,772,023
Transfer during the year	(1,813,000)	(11,007)	(1,824,007)	1,813,000	11,007	1,824,007	-	-	-	-
Net income for the year	-	-	21,933,584	-	-	567,821	-	-	22,501,405	22,501,405
<u>Other comprehensive income</u>	-	-	-	-	-	-	-	-	-	-
Zakat and income tax	-	-	(4,301,198)	-	-	(111,350)	-	-	(4,412,548)	(4,412,548)
Total comprehensive income for the year	-	-	17,632,386	-	-	456,471	-	-	18,088,857	18,088,857
Balance as at 31 March 2014 (Unaudited)	974,765,000	5,917,724	(166,359,136)	25,235,000	153,200	149,092	1,000,000,000	6,070,924	(166,210,044)	839,860,880
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 loss for the period	-	-	(9,074,253)	-	-	(240,775)	-	-	(9,315,028)	(9,315,028)
<u>Other comprehensive loss</u>	-	-	-	-	-	-	-	-	-	-
Zakat and income tax	-	-	(3,169,432)	-	-	-	-	-	(3,169,432)	(3,169,432)
Total comprehensive loss for the period	-	-	(12,243,685)	-	-	(240,775)	-	-	(12,484,460)	(12,484,460)
Balance as at 31 March 2015 (Unaudited)	974,152,000	5,914,003	(201,478,896)	25,848,000	156,921	348,730	1,000,000,000	6,070,924	(201,130,166)	804,940,758

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

Saudi Reinsurance Company (A Saudi Joint Stock Company)
INTERIM STATEMENT OF REINSURANCE OPERATIONS' CASH FLOWS

	For the three month period ended	
	31 March 2015 SR (Unaudited)	31 March 2014 SR (unaudited)
OPERATING ACTIVITIES		
Reinsurance operations' surplus after shareholders' appropriation	-	992,487
Adjustments for:		
Employees' end of service benefits	395,437	279,853
Depreciation	567,532	477,897
Realized gains on investments held at fair value through income statement	(14,941)	-
Unrealized gains on investments held at fair value through income statement	(1,135,444)	(840,758)
Losses from disposal of property and equipment	86,998	824,503
Shareholders' appropriation from reinsurance operations' deficit	(25,639,537)	8,932,379
Operating (deficit) surplus before changes in operating assets and liabilities	(25,739,955)	10,666,361
Changes in operating assets and liabilities:		
Premiums receivable, net	(2,890,353)	(36,546,102)
Accrued insurance premiums	(97,311,981)	(135,822,649)
Accrued special commission income from time deposits	(102,813)	-
Retrocession balances receivable	-	(3,176,235)
Retroceded share of unearned premiums	(1,165,804)	1,244,954
Retroceded share of outstanding claims	1,834,469	23,949,598
Deferred acquisition costs	(34,123,202)	(39,247,166)
Deferred excess of loss premiums	7,283,600	7,776,201
Prepaid expenses and other assets	382,262	(283,503)
Accounts payable	11,113,476	6,371,643
Retrocession balances payable	8,346,005	(7,615,523)
Accrued retroceded premiums	118,751	(2,332,984)
Gross unearned premiums	159,472,597	175,100,058
Gross outstanding claims	(14,981,836)	30,535,325
Premium deficiency reserves	-	(11,948,741)
Unearned commission income	152,123	(321,832)
Accrued expenses and other liabilities	1,764,853	(1,966,688)
Cash from operations	14,152,192	16,382,717
Employees' end of service benefits paid	(238,956)	-
Net cash from operating activities	13,913,236	16,382,717
INVESTING ACTIVITIES		
Purchase of property and equipment	(1,104,645)	(1,767,270)
Additions in investments held at fair value through income statement	(20,603,272)	(33,288,061)
Proceeds from disposal of property and equipment	331,887	1,209,555
Proceeds from investments held at fair value through income statement	37,211,049	25,420,286
Net cash from (used in) investing activities	15,835,019	(8,425,490)
FINANCING ACTIVITY		
Due from shareholders' operations	(21,656,816)	(3,704,745)
Cash used in financing activity	(21,656,816)	(3,704,745)
INCREASE IN CASH AND BANK BALANCES	8,091,439	4,252,482
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	9,546,303	9,521,120

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




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

	For the three month period ended	
	31 March 2015 SR (Unaudited)	31 March 2014 SR (Audited)
OPERATING ACTIVITIES		
Net (loss) income for the period	(9,315,028)	22,501,405
Adjustments for:		
Depreciation	194,252	-
Realized gains on investments held at fair value through income statement	(1,914,082)	(104,941)
Unrealized gains on investments held at fair value through income statement	(14,761,823)	(16,889,796)
Shareholders' appropriation from reinsurance operations' deficit	25,639,537	(8,932,379)
Operating deficit before changes in operating assets and liabilities	(157,144)	(3,425,711)
Changes in operating assets and liabilities:		
Prepaid expenses and other assets	(638,710)	(361,846)
Accrued expenses and other liabilities	653,466	877,361
Accounts payable	-	(500,000)
Net cash used in operating activities	(142,388)	(3,410,196)
INVESTING ACTIVITIES		
Purchase of property and equipment	(132,317)	(303,328)
Accrued special commission income from time deposits	8,156	(231,164)
Accrued special commission income from bonds and sukuk	1,612,578	1,857,778
Additions in investments held at fair value through income statement	(73,355,180)	(131,334,420)
Proceeds from investments held at fair value through income statement	77,406,156	62,871,906
Time deposits, net	(21,000,000)	-
Held to maturity investments	93,774,746	161,541
Net cash from (used in) investing activities	78,314,139	(66,977,687)
FINANCING ACTIVITY		
Due to reinsurance operations	21,656,816	3,704,745
Cash from financing activity	21,656,816	3,704,745
INCREASE (DECREASE) IN CASH AND BANK BALANCES	99,828,567	(66,683,138)
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	102,396,297	18,990,378

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




Saudi Reinsurance Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

31 March 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 300259, Riyadh 11372, Al Wadi, Northern Ring Road West, Exit 7, Building 4130, Riyadh, Kingdom of Saudi Arabia.

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

2. BASIS OF PREPARATION

The interim condensed financial statements for the three month period ended 31 March 2015 have been prepared in accordance with International Accounting Standard (IAS 34) – "Interim Financial Reporting".

The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's financial statements as at 31 December 2014.

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

3. NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS

The accounting policies adopted are consistent with those of the previous financial year, except for the amendments made in the following standards which have been revised during the year 2014 and new standards effective from 1 January 2015

Amendments to IAS 19 Defined Benefit Plans: Employee Contributions

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

IFRS 8 Operating Segments

The amendments are applied retrospectively and clarifies that:

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

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

The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data by either adjusting the gross carrying amount of the asset to market value or by determining the market value of the carrying value and adjusting the gross carrying amount proportionately so that the resulting carrying amount equals the market value. In addition, the accumulated depreciation or amortisation is the difference between the gross and carrying amounts of the asset.

IAS 24 Related Party Disclosures

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

IFRS 13 Fair Value Measurement

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

Saudi Reinsurance Company (A Saudi Joint Stock Company)**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued)****31 March 2015****3. NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS (continued)***IFRS 9 Financial Instruments*

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

New standard issued but not yet effective:

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

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

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

4. PREMIUMS RECEIVABLE, NET

	31 March 2015 (Unaudited) SR	31 December 2014 (Audited) SR
Premiums receivable	119,669,973	116,296,386
Allowance for doubtful receivables	(4,040,522)	(3,557,288)
	<u>115,629,451</u>	<u>112,739,098</u>

5. TIME DEPOSITS

	31 March 2015 (Unaudited)		31 December 2014 (Audited)	
	Reinsurance operations SR	Shareholders' operations SR	Reinsurance operations SR	Shareholders' operations SR
Less than 3 months	-	-	-	24,000,000
More than 3 months	13,125,000	45,000,000	13,125,000	-
	<u>13,125,000</u>	<u>45,000,000</u>	<u>13,125,000</u>	<u>24,000,000</u>

The above deposits earn special commission at an average rate of 0.67% per annum as at 31 March 2015 (31 December 2014: 0.39% per annum).

Time deposits are placed with counterparties that have a good credit rating.

Saudi Reinsurance Company (A Saudi Joint Stock Company)**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued)****31 March 2015****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:

	31 March 2015 (Unaudited)		31 December 2014 (Audited)	
	Reinsurance operations SR	Shareholders' operations SR	Reinsurance operations SR	Shareholders' operations SR
Bond portfolios	52,180,473	316,646,255	51,142,163	309,705,257
Equity portfolios	-	193,106,999	-	185,778,294
Funds	57,273,872	195,506,170	73,769,574	197,150,944
Sukuk	-	40,037,069	-	40,037,069
	109,454,345	745,296,493	124,911,737	732,671,564

ii. Determination of fair value and fair values hierarchy:

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

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

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

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

As at 31 March 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:

	31 March 2015 (Unaudited)			
	Level 1 SR	Level 2 SR	Level 3 SR	Total SR
Bond portfolios	316,646,255	-	-	316,646,255
Equity portfolios	193,106,999	-	-	193,106,999
Funds	170,506,170	-	25,000,000	195,506,170
Sukuk	-	40,037,069	-	40,037,069
	680,259,424	40,037,069	25,000,000	745,296,493

Saudi Reinsurance Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued) 31 March 2015

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

	31 December 2014 (Audited)			Total SR
	Level 1 SR	Level 2 SR	Level 3 SR	
Bond portfolios	309,705,257	-	-	309,705,257
Equity portfolios	185,778,294	-	-	185,778,294
Funds	172,150,944	-	25,000,000	197,150,944
Sukuk	-	40,037,069	-	40,037,069
	<u>667,634,495</u>	<u>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/year ended 31 March 2015 and 31 December 2014.
- iv. The movements of investments held at fair value through income statement are as follows:

	For the three month period ended 31 March 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	20,603,272	73,355,180	83,847,393	259,845,023
Disposals	(37,211,049)	(77,406,156)	(56,921,301)	(153,261,010)
Unrealized gains	1,135,444	14,761,823	2,430,636	29,626,814
Realized gains	14,941	1,914,082	225,850	1,281,183
Closing balance	109,454,345	745,296,493	124,911,737	732,671,564

Investments under reinsurance and shareholders' operations include SR 4 million and SR 13 million respectively as at 31 March 2015 (31 December 2014: 6.7 million and SR 20 million respectively) cash deposits with banks. These funds are placed by the Company with the assets managers and are independently operated by them. These funds are expected to be invested in the subsequent periods

8. HELD TO MATURITY INVESTMENTS

Held to maturity investments represent debt instruments with a 4 to 10 year time horizon yielding an average special commission of 4.56 % per annum (31 December 2014: 4.35% per annum). For fair value hierarchy, for disclosure purpose, held to maturity investments are classified as level 3. The fair value of held to maturity investments amounted to SR 58,295,156 (31 December 2014: SR 152,260,913).

Saudi Reinsurance Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued) 31 March 2015

9. NET CLAIMS PAID

	For the three month period ended	
	31 March 2015 (Unaudited) SR	31 March 2014 (Unaudited) SR
Gross claims paid	82,550,435	48,123,794
Retroceded share of claims paid	(1,420,613)	(7,005,196)
Net claims paid	81,129,822	41,118,598

10. RELATED PARTY TRANSACTIONS AND BALANCES

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

Related party	Nature of transactions	Amounts of transactions for the three month period ended		Balance as at	
		31 March 2015 (Unaudited) SR	31 March 2014 (Unaudited) SR	31 March 2015 (Unaudited) SR	31 December 2014 (Audited) SR
Board of directors	Consulting fees	87,836	92,168	-	-
	Meeting fees and expenses	114,825	140,763	265,129	204,000
Key management personnel	Short term benefits	2,818,340	2,550,020	242,746	700,000
	End of service benefits	150,283	135,483	892,906	741,820
Companies represented by the BOD members	Gross written premiums	2,117,084	1,357,919	4,327,845	4,644,525
	Claims incurred	622,458	103,699	6,136,707	5,892,390
	Commission	534,401	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)

31 March 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.

Segment assets do not include cash and bank balances of reinsurance operations, investments held at fair value through income statement, prepaid expenses and other assets, due from shareholders' operations and property and equipment, net.

Segment liabilities do not include surplus distribution payable, accrued expenses and other liabilities and employees' end of service benefits.

11.1 Business segments

The Company revises periodically its estimated gross written premiums and related retroceded premium upon receipt of actual information from cedants. In some business segments, this results in negative gross written premiums, positive retroceded premiums and negative net written premiums for the period when the revision took place.

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

Saudi Reinsurance Company (A Saudi Joint Stock Company)

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

31 March 2015

11. SEGMENTAL INFORMATION (continued)

11.1 Business segments (continued)

	Engineering SR	Fire SR	Marine SR	Motor SR	Life SR	General accident SR	Speciality SR	Others SR	Total SR
For the three month period ended 31 March 2014 (Unaudited)									
Reinsurance operations' results									
Gross written premiums	41,870,860	111,589,521	35,611,243	12,916,573	59,772,901	21,758,971	-	15,923,836	299,443,905
Retroceded premiums	(1,001,176)	514,689	419,728	-	(130)	370,816	-	128,978	432,905
Excess of loss expenses	(2,061,899)	(4,791,395)	(359,944)	(195,006)	(831,714)	(205,943)	-	(162,018)	(8,607,919)
Net written premiums	38,807,785	107,312,815	35,671,027	12,721,567	58,941,057	21,923,844	-	15,890,796	291,268,891
Change in net unearned premiums	(19,028,188)	(65,501,054)	(22,760,589)	806,858	(49,073,587)	(10,738,811)	-	(10,049,638)	(176,345,009)
Net earned premiums	19,779,597	41,811,761	12,910,438	13,528,425	9,867,470	11,185,033	-	5,841,158	114,923,882
Net claims paid	(2,485,029)	(22,824,462)	(3,696,350)	(7,489,018)	(1,799,591)	(997,544)	-	(1,826,604)	(41,118,598)
Change in net outstanding claims	(4,399,692)	(26,884,191)	(3,303,614)	(6,004,783)	(5,575,187)	(384,964)	-	(7,932,490)	(54,484,921)
Net claims incurred	(6,884,721)	(49,708,653)	(6,999,964)	(13,493,801)	(7,374,778)	(1,382,508)	-	(9,759,094)	(95,603,519)
Gross acquisition costs	(2,126,114)	(6,951,645)	(2,017,132)	(1,705,492)	(476,387)	(1,486,062)	-	(540,260)	(15,303,092)
Supervision and inspection fees	(209,354)	(557,948)	(178,057)	(64,583)	(298,865)	(108,795)	-	(79,618)	(1,497,220)
Commissions on retroceded business	425,452	153,287	(61,676)	-	14,290	(95,387)	-	(10,151)	425,815
Net acquisition costs	(1,910,016)	(7,356,306)	(2,256,865)	(1,770,075)	(760,962)	(1,690,244)	-	(630,029)	(16,374,497)
Change in premium deficiency reserve	1,102,042	5,293,228	1,784,410	3,611,829	762,346	166,639	-	(771,753)	11,948,741
Net underwriting results	12,086,902	(9,959,970)	5,438,019	1,876,378	2,494,076	8,278,920	-	(5,319,718)	14,894,607

Saudi Reinsurance Company (A Saudi Joint Stock Company)

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

31 March 2015

11. SEGMENTAL INFORMATION (continued)

11.1 Business segments (continued)

	Engineering SR	Fire SR	Marine SR	Motor SR	Life SR	General accident SR	Speciality SR	Others SR	Total SR
As at 31 March 2015(Unaudited)									
Segment assets	120,374,279	246,299,275	78,271,603	15,641,906	50,014,299	54,309,055	43,985,440	38,447,247	647,343,104
Segment liabilities	214,591,144	428,809,597	86,460,426	56,140,983	67,803,551	60,129,832	43,415,887	83,840,377	1,041,191,797
As at 31 December 2014 (Audited)									
Segment assets	113,114,275	219,791,772	51,230,751	13,472,020	70,577,546	26,947,223	25,836,246	-	520,969,833
Segment liabilities	207,461,414	393,224,537	63,143,310	49,731,040	61,017,335	36,993,159	65,399,886	-	876,970,681

Saudi Reinsurance Company (A Saudi Joint Stock Company)

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

31 March 2015

11. SEGMENTAL INFORMATION (continued)

11.2 Geographical segments

	Kingdom of Saudi Arabia SR	Other Middle Eastern Countries SR	Africa SR	Asia SR	World wide SR	Total SR
For the three month period ended 31 March 2015 (Unaudited)						
Reinsurance operations' results						
Gross written premiums	97,947,221	37,140,328	16,361,557	47,425,251	44,879,754	243,754,111
Retroceded premiums	(2,572,425)	(411,388)	2,318	-	-	(2,981,495)
Excess of loss expenses	(11,111,583)	(734,767)	(2,177,008)	(1,772,218)	-	(15,795,576)
Net written premiums	84,263,213	35,994,173	14,186,867	45,653,034	44,879,753	224,977,040
Change in net unearned premiums	(53,587,826)	(21,284,778)	(17,485,584)	(24,808,894)	(41,139,712)	(158,306,794)
Net earned premiums	30,675,387	14,709,395	(3,298,717)	20,844,140	3,740,041	66,670,246
Net claims paid	(49,739,766)	(11,435,153)	(4,588,836)	(15,366,067)	-	(81,129,822)
Change in net outstanding claims	3,864,573	12,738,501	(7,217,424)	5,888,535	(2,126,816)	13,147,369
Net claims incurred	(45,875,193)	1,303,348	(11,806,260)	(9,477,532)	(2,126,816)	(67,982,453)
Gross acquisition costs	(5,210,433)	(4,964,380)	2,683,694	(4,122,246)	(1,782,135)	(13,395,500)
Supervision and inspection fees	(489,736)	(185,702)	(81,808)	(237,127)	(224,400)	(1,218,773)
Commissions on retroceded business	430,687	94,236	351	-	-	525,274
Net acquisition costs	(5,269,482)	(5,055,846)	2,602,237	(4,359,373)	(2,006,535)	(14,088,999)
Change in premium deficiency reserve	-	-	-	-	-	-
Net underwriting results	(20,469,288)	10,956,897	(12,502,740)	7,007,235	(393,310)	(15,401,206)
	Kingdom of Saudi Arabia SR	Other Middle Eastern Countries SR	Africa SR	Asia SR	World wide SR	Total SR

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

Reinsurance operations' results						
Gross written premiums	168,465,911	51,415,850	33,485,372	46,076,772	-	299,443,905
Retroceded premiums	291,806	88,652	52,447	-	-	432,905
Excess of loss expenses	(4,510,053)	(1,905,085)	(1,222,444)	(970,337)	-	(8,607,919)
Net written premiums	164,247,664	49,599,417	32,315,375	45,106,435	-	291,268,891
Change in net unearned premiums	(101,782,456)	(21,950,703)	(24,870,738)	(27,741,112)	-	(176,345,009)
Net earned premiums	62,465,208	27,648,714	7,444,637	17,365,323	-	114,923,882
Net claims paid	(31,469,918)	(3,782,321)	(719,412)	(5,146,947)	-	(41,118,598)
Change in net outstanding claims	(24,519,505)	(16,729,167)	(2,584,190)	(10,652,059)	-	(54,484,921)
Net claims incurred	(55,989,423)	(20,511,488)	(3,303,602)	(15,799,006)	-	(95,603,519)
Gross acquisition costs	(7,567,155)	(2,816,166)	(1,855,854)	(3,063,917)	-	(15,303,092)
Supervision and inspection fees	(842,331)	(257,078)	(167,427)	(230,384)	-	(1,497,220)
Commissions on retroceded business	271,787	182,045	(28,017)	-	-	425,815
Net acquisition costs	(8,137,699)	(2,891,199)	(2,051,298)	(3,294,301)	-	(16,374,497)
Change in premium deficiency reserve	7,371,231	1,833,822	1,188,007	1,555,681	-	11,948,741
Net underwriting results	5,709,317	6,079,849	3,277,744	(172,303)	-	14,894,607

Saudi Reinsurance Company (A Saudi Joint Stock Company)**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued)**
31 March 2015**11.2 Geographical segments (continued)**

	Kingdom of Saudi Arabia SR	Other Middle Eastern Countries SR	Africa SR	Asia SR	World wide SR	Total SR
As at 31 March 2015 (Unaudited)						
Reinsurance operations						
Segment assets	332,320,808	102,865,620	54,178,765	114,125,577	43,852,334	647,343,104
Segment liabilities	580,981,146	149,604,635	87,699,647	170,974,268	51,932,101	1,041,191,797
As at 31 December 2014(Audited)						
Reinsurance operations						
Segment assets	304,989,613	88,339,001	44,527,103	83,114,116	-	520,969,833
Segment liabilities	522,011,642	144,200,215	64,194,324	146,564,500	-	876,970,681

12. BASIC AND DILUTED (LOSS) EARNINGS PER SHARE

Basic and diluted (loss) earnings per share for the three month period ended 31 March 2015 and 31 March 2014 have been calculated by dividing the 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 8 above, approximate their fair values at the date of 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 30 Jumad Thani 1436H corresponding to 19 April 2015.