

---

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

**INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)  
AND INDEPENDENT AUDITORS' LIMITED REVIEW REPORT  
FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2013**

---

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

### **INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) AND INDEPENDENT AUDITORS' LIMITED REVIEW REPORT**

For The Three And Nine Month Periods Ended 30 September 2013

<b>INDEX</b>	<b>PAGES</b>
INDEPENDENT AUDITORS' LIMITED REVIEW REPORT	1
INTERIM STATEMENT OF FINANCIAL POSITION	2
INTERIM STATEMENT OF REINSURANCE OPERATIONS AND ACCUMULATED SURPLUS	3
INTERIM STATEMENT OF SHAREHOLDERS' OPERATIONS	4
INTERIM STATEMENT OF SHAREHOLDERS' COMPREHENSIVE OPERATIONS	5
INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	6
INTERIM STATEMENT OF REINSURANCE OPERATIONS' CASH FLOWS	7
INTERIM STATEMENT OF SHAREHOLDERS' CASH FLOWS	8
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS	9 - 21

**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 30 September 2013 and the related interim statements of reinsurance operations and accumulated surplus, shareholders' operations and shareholders' comprehensive operations for the three and nine month periods then ended and the interim statements of changes in shareholders' equity, reinsurance operations' cash flows and shareholders' cash flows for the nine 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" (IAS 34) 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.

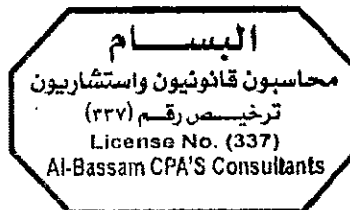
Ernst & Young  
P. O. Box 2732  
Riyadh 11461  
Kingdom of Saudi Arabia

Fahad M. Al-Toaimi  
Certified Public Accountant  
Registration No. 354



Al Bassam CPAs & Consultants  
P. O. Box 69658  
Riyadh 11557  
Kingdom of Saudi Arabia

Imad M. A. Al Bassam  
Certified Public Accountant  
Registration No. 337



24 Dhul-Hijjah 1434H  
(29 October 2013)

# Saudi Reinsurance Company (A Saudi Joint Stock Company)

## INTERIM STATEMENT OF FINANCIAL POSITION

As at 30 September 2013

	Note	30 September 2013 (Unaudited) SR	31 December 2012 (Audited) SR
<b>REINSURANCE OPERATIONS' ASSETS</b>			
Cash and bank balances	4	3,141,477	582,850
Premiums receivable, net	5	88,085,358	27,607,624
Investments held at fair value through income statement	8	85,508,002	83,244,130
Accrued insurance premiums		177,875,447	91,900,865
Retroceded share of unearned premiums		4,522,682	5,755,601
Retroceded share of outstanding claims		98,551,554	42,123,104
Deferred acquisition costs		72,085,719	32,506,462
Deferred excess of loss premiums		20,738,443	11,592,791
Prepaid expenses and other assets		1,365,995	967,944
Due from shareholders' operations		64,746,918	6,385,126
Property and equipment, net		7,293,400	5,303,065
<b>TOTAL REINSURANCE OPERATIONS' ASSETS</b>		<b>623,914,995</b>	<b>307,969,562</b>
<b>SHAREHOLDERS' ASSETS</b>			
Cash and bank balances	4	16,707,492	615,353
Time deposits	6	37,500,000	187,500,000
Accrued special commission income from time deposits		803,939	477,740
Accrued special commission income from bonds and sukuk		2,156,952	3,279,972
Investments held at fair value through income statement	8	622,573,967	445,743,014
Held to maturity investments	9	199,494,740	209,047,506
Prepaid expenses and other assets		5,270,125	4,282,585
Statutory deposit	7	100,000,000	100,000,000
Property and equipment		32,609,698	29,784,000
<b>TOTAL SHAREHOLDERS' ASSETS</b>		<b>1,017,116,913</b>	<b>980,730,170</b>
<b>TOTAL ASSETS</b>		<b>1,641,031,908</b>	<b>1,288,699,732</b>
<b>REINSURANCE OPERATIONS' LIABILITIES AND SURPLUS</b>			
Accounts payable		7,681,103	4,768,189
Retrocession balances payable		19,266,172	3,265,617
Accrued retroceded premiums		4,482,918	4,243,430
Gross unearned premiums		251,746,964	122,378,709
Gross outstanding claims		331,895,834	159,413,407
Unearned commission income		1,311,304	1,580,555
Accrued expenses and other liabilities		5,045,955	10,025,363
Employees' end of service benefits		1,552,668	1,362,215
<b>TOTAL REINSURANCE OPERATIONS' LIABILITIES</b>		<b>622,982,918</b>	<b>307,037,485</b>
<b>REINSURANCE OPERATIONS' SURPLUS</b>			
Accumulated surplus		932,077	932,077
<b>TOTAL REINSURANCE OPERATIONS' LIABILITIES AND SURPLUS</b>		<b>623,914,995</b>	<b>307,969,562</b>
<b>SHAREHOLDERS' LIABILITIES AND EQUITY</b>			
<b>SHAREHOLDERS' LIABILITIES</b>			
Accounts payable		500,000	1,000,000
Provision for zakat and income tax		30,395,873	30,086,812
Due to reinsurance operations		64,746,918	6,385,126
Accrued expenses and other liabilities		6,650,927	4,282,585
<b>TOTAL SHAREHOLDERS' LIABILITIES</b>		<b>102,293,718</b>	<b>41,754,523</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital		1,000,000,000	1,000,000,000
Statutory reserve		6,070,924	6,070,924
Accumulated deficit		(91,247,729)	(67,095,277)
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>914,823,195</b>	<b>938,975,647</b>
<b>TOTAL SHAREHOLDERS' LIABILITIES AND EQUITY</b>		<b>1,017,116,913</b>	<b>980,730,170</b>
<b>TOTAL REINSURANCE OPERATIONS' LIABILITIES AND SURPLUS AND SHAREHOLDERS' LIABILITIES AND EQUITY</b>		<b>1,641,031,908</b>	<b>1,288,699,732</b>

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

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

**INTERIM STATEMENT OF REINSURANCE OPERATIONS AND ACCUMULATED SURPLUS  
(UNAUDITED)**

For The Three And Nine Month Periods Ended 30 September 2013

	For the three month period ended		For the nine month period ended	
	30 September 2013	30 September 2012 (Reclassified note 13)	30 September 2013	30 September 2012 (Reclassified note 13)
	Note SR	SR	SR	SR
Gross written premiums	105,328,035	81,666,180	371,916,044	219,827,174
Retroceded premiums	(3,194,498)	(3,977,476)	(6,098,696)	(4,573,663)
Excess of loss expenses	(10,667,185)	(5,892,468)	(22,897,897)	(16,535,010)
<b>Net written premiums</b>	<b>91,466,352</b>	<b>71,796,236</b>	<b>342,919,451</b>	<b>198,718,501</b>
Change in net unearned premiums	(11,720,753)	(23,729,279)	(130,601,171)	(90,094,990)
<b>Net earned premiums</b>	<b>79,745,599</b>	<b>48,066,957</b>	<b>212,318,280</b>	<b>108,623,511</b>
Net claims paid	10 (21,050,504)	(8,723,145)	(62,819,861)	(25,052,475)
Change in net outstanding claims	(71,608,257)	(17,565,817)	(116,053,978)	(32,079,529)
<b>Net claims incurred</b>	<b>(92,658,761)</b>	<b>(26,288,962)</b>	<b>(178,873,839)</b>	<b>(57,132,004)</b>
Gross acquisition costs	(22,064,185)	(14,908,317)	(55,993,932)	(35,807,061)
Commissions on retroceded business	369,526	1,767,874	2,673,547	5,577,105
Supervision and inspection fees	(526,640)	(408,331)	(1,859,580)	(1,099,136)
<b>Net underwriting results</b>	<b>(35,134,461)</b>	<b>8,229,221</b>	<b>(21,735,524)</b>	<b>20,162,415</b>
Realized gains on investments held at fair value through income statement	8 -	37,860	31,939	47,688
Unrealized gains on investments held at fair value through income statement	8 521,568	138,011	252,574	405,720
Other income	-	606,194	102,638	6,231,194
Investment management expenses	(22,436)	(169,269)	(102,379)	(320,722)
General and administrative expenses	14 (5,759,043)	(3,806,169)	(15,733,715)	(11,833,384)
<b>Net (deficit) surplus from reinsurance operations</b>	<b>(40,394,372)</b>	<b>5,035,848</b>	<b>(37,184,467)</b>	<b>14,692,911</b>
Shareholders' appropriation from reinsurance operations' (surplus) deficit	40,394,372	(4,532,263)	37,184,467	(13,223,620)
<b>Reinsurance operations' surplus after shareholders' appropriation</b>	<b>-</b>	<b>503,585</b>	<b>-</b>	<b>1,469,291</b>
Accumulated surplus at the beginning of the period	-	-	932,077	-
<b>Accumulated surplus at the end of the period</b>	<b>-</b>	<b>-</b>	<b>932,077</b>	<b>1,469,291</b>

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

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

### INTERIM STATEMENT OF SHAREHOLDERS' OPERATIONS (UNAUDITED)

For The Three And Nine Month Periods Ended 30 September 2013

	Note	For the three month period ended		For the nine month period ended	
		30 September 2013 SR	30 September 2012 (Reclassified note 13) SR	30 September 2013 SR	30 September 2012 (Reclassified note 13) SR
Special commission income from time deposits		236,301	276,691	1,676,199	2,122,045
Special commission income from bonds and sukuk		2,678,863	2,439,178	7,218,038	7,275,603
Realized gains on investments held at fair value through income statement	8	750,000	514,558	758,495	933,008
Unrealized gains on investments held at fair value through income statement	8	16,607,082	10,188,058	28,251,490	12,150,493
Foreign exchange translation gains (losses)		694,501	484,088	543,047	(358,412)
<b>Total revenues</b>		<b>20,966,747</b>	<b>13,902,573</b>	<b>38,447,269</b>	<b>22,122,737</b>
General and administrative expenses	14	(2,843,677)	(3,463,424)	(8,680,456)	(9,300,202)
Investment management expenses		(598,495)	(150,048)	(1,645,940)	(516,460)
Board of directors' remunerations, meeting fees and expenses		(89,796)	(54,859)	(328,120)	(219,970)
Shareholders' appropriation from reinsurance operations'(deficit)surplus		(40,394,372)	4,532,263	(37,184,467)	13,223,620
<b>Net (loss) income for the period</b>		<b>(22,959,593)</b>	<b>14,766,505</b>	<b>(9,391,714)</b>	<b>25,309,725</b>
<b>Basic and diluted (loss) earnings per share for the period</b>	13	<b>(0.23)</b>	<b>0.15</b>	<b>(0.09)</b>	<b>0.25</b>
<b>Weighted average number of issued and outstanding shares</b>		<b>100,000,000</b>	<b>100,000,000</b>	<b>100,000,000</b>	<b>100,000,000</b>

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

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

**INTERIM STATEMENT OF SHAREHOLDERS' COMPREHENSIVE OPERATIONS (UNAUDITED)**

For The Three And Nine Month Periods Ended 30 September 2013

	For the three month period ended		For the nine month period ended	
	30 September 2013 SR	30 September 2012 SR	30 September 2013 SR	30 September 2012 SR
Net (loss) income for the period	(22,959,593)	14,766,505	(9,391,714)	25,309,725
<b>Other comprehensive income: Items not to be reclassified subsequently to the income statement:</b>				
Zakat and income tax	(4,553,918)	(5,395,270)	(14,760,738)	(15,510,404)
<b>Total comprehensive (loss) income for the period</b>	<b>(27,513,511)</b>	<b>9,371,235</b>	<b>(24,152,452)</b>	<b>9,799,321</b>



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

**Saudi Reinsurance Company (A Saudi Joint Stock Company)**  
**INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)**

For The Nine Month Period Ended 30 September 2013

	GCC Shareholders and General Public			Non - GCC Shareholders			Total			
	Share capital SR	Statutory reserve SR	Accumulated deficit SR	Share Capital SR	Statutory reserve SR	(Accumulated deficit) Retained earnings SR	Share capital SR	Statutory reserve SR	Accumulated deficit SR	Total SR
Balance as at 1 January 2012 (audited)	941,000,000	5,712,740	(75,130,640)	59,000,000	358,184	(948,811)	1,000,000,000	6,070,924	(76,079,451)	929,991,473
Net income for the period	-	-	24,703,304	-	-	608,421	-	-	25,309,725	25,309,725
<b>Other comprehensive income</b>										
Zakat and income tax	-	-	(15,277,988)	-	-	(232,416)	-	-	(15,510,404)	(15,510,404)
Total comprehensive income for the period			9,425,316			374,005			9,799,321	9,799,321
Balance as at 30 September 2012	941,000,000	5,712,740	(65,705,324)	59,000,000	358,184	(574,806)	1,000,000,000	6,070,924	(66,280,130)	939,790,794
Balance as at 1 January 2013 (audited)	941,000,000	5,712,740	(67,600,389)	59,000,000	358,184	505,112	1,000,000,000	6,070,924	(67,095,277)	938,975,647
Transfer during the period	31,739,000	192,685	271,725	(31,739,000)	(192,685)	(271,725)	-	-	-	-
Net loss for the period	-	-	(9,135,686)	-	-	(256,028)	-	-	(9,391,714)	(9,391,714)
<b>Other comprehensive income</b>										
Zakat and income tax	-	-	(14,760,738)	-	-	-	-	-	(14,760,738)	(14,760,738)
Total comprehensive loss for the period			(23,896,424)			(256,028)			(24,152,452)	(24,152,452)
Balance as at 30 September 2013	972,739,000	5,905,425	(91,225,088)	27,261,000	165,499	(22,641)	1,000,000,000	6,070,924	(91,247,729)	914,823,195

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



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

### INTERIM STATEMENT OF REINSURANCE OPERATIONS' CASH FLOWS (UNAUDITED)

For The Nine Month Period Ended 30 September 2013

	30 September 2013 SR	30 September 2012 SR
<b>OPERATING ACTIVITIES</b>		
Reinsurance operations' surplus after shareholders' appropriation	-	1,469,291
Adjustments for:		
Employees' end of service benefits	422,702	483,165
Depreciation	783,791	506,784
Realized gains on investments held at fair value through income statement	(31,939)	(47,688)
Unrealized gains on investments held at fair value through income statement	(252,574)	(405,720)
Shareholders' appropriation from reinsurance operations ('deficit) surplus	(37,184,467)	13,223,620
Operating profit before changes in operating assets and liabilities	(36,262,487)	15,229,452
<b>Changes in operating assets and liabilities:</b>		
Premiums receivable, net	(60,477,734)	(7,518,334)
Accrued insurance premiums	(85,974,582)	(60,050,988)
Retrocession balances receivable	-	(4,704,371)
Retroceded share of unearned premiums	1,232,919	15,902,816
Retroceded share of outstanding claims	(56,428,450)	35,813,413
Deferred acquisition costs	(39,579,257)	(21,785,084)
Deferred excess of loss premiums	(9,145,652)	(7,168,864)
Prepaid expenses and other assets	(398,051)	(727,135)
Accounts payable	2,912,914	30,883,020
Retrocession balances payable	16,000,555	(22,236,201)
Accrued retroceded premiums	239,488	(6,889,837)
Gross unearned premiums	129,368,255	74,192,174
Gross outstanding claims	172,482,427	(3,733,884)
Unearned commission income	(269,251)	(4,464,834)
Accrued expenses and other liabilities	(4,979,408)	(299,580)
Employees' end of service benefits paid	(232,249)	(197,938)
<b>Net cash from operating activities</b>	<b>28,489,437</b>	<b>32,243,825</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(2,774,126)	(1,246,419)
Additions in investments held at fair value through income statement	(19,487,002)	(46,235,000)
Proceeds from investments held at fair value through income statement	17,507,643	33,601,942
<b>Net cash (used in) investing activities</b>	<b>(4,753,485)</b>	<b>(13,879,477)</b>
<b>FINANCING ACTIVITY</b>		
Due from shareholder operations	(21,177,325)	10,124,733
<b>Net cash (used in) from financing activity</b>	<b>(21,177,325)</b>	<b>10,124,733</b>
<b>INCREASE IN CASH AND BANK BALANCES</b>	<b>2,558,627</b>	<b>28,489,081</b>
Cash and bank balances at the beginning of the period	582,850	8,293,673
<b>CASH AND BANK BALANCES AT THE END OF THE PERIOD</b>	<b>3,141,477</b>	<b>36,782,754</b>

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

**Saudi Reinsurance Company (A Saudi Joint Stock Company)**  
**INTERIM STATEMENT OF SHAREHOLDERS' CASH FLOWS (UNAUDITED)**  
For The Nine Month Period Ended 30 September 2013

	30 September 2013 SR	30 September 2012 SR
<b>OPERATING ACTIVITIES</b>		
Net (loss) income for the period	(9,391,714)	25,309,725
Adjustments for:		
Realized gains on investments held at fair value through income statement	(758,495)	(933,008)
Unrealized gains on investments held at fair value through income statement	(28,251,490)	(12,150,493)
Shareholders' appropriation from reinsurance operations' deficit (surplus)	37,184,467	(13,223,620)
Operating (deficit) before changes in operating assets and liabilities	(1,217,232)	(997,396)
<b>Changes in operating assets and liabilities:</b>		
Prepaid expenses and other assets	(987,540)	(889,567)
Accrued expenses and other liabilities	2,368,342	889,567
Accounts payable	(500,000)	-
Zakat and income tax paid	(14,451,677)	(15,044,131)
<b>Net cash (used in) operating activities</b>	<b>(14,788,107)</b>	<b>(16,041,527)</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(2,825,698)	-
Proceeds from investments held at fair value through income statement	-	292,328,554
Accrued special commission income from time deposits	(326,199)	1,096,406
Accrued special commission income from bonds and sukuk	1,123,020	(1,349,699)
Additions in investments held at fair value through income statement	(147,820,968)	(627,472,209)
Time deposits, net	150,000,000	220,938,845
Held to maturity investments	9,552,766	960,156
<b>Net cash from (used in) investing activities</b>	<b>9,702,921</b>	<b>(113,497,947)</b>
<b>FINANCING ACTIVITY</b>		
Due to reinsurance operations	21,177,325	(10,124,733)
<b>Net cash from (used in) financing activity</b>	<b>21,177,325</b>	<b>(10,124,733)</b>
<b>INCREASE (DECREASE) IN CASH AND BANK BALANCES</b>	<b>16,092,139</b>	<b>(139,664,207)</b>
Cash and bank balances at the beginning of the period	615,353	140,053,940
<b>CASH AND BANK BALANCES AT THE END OF THE PERIOD</b>	<b>16,707,492</b>	<b>389,733</b>

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

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

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

**At 30 SEPTEMBER 2013**

### **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). The address of the Company's registered office is at P.O. Box 300259, Riyadh 11372, 6<sup>th</sup> Floor, Bahrain Towers, King Fahd Road, 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 and nine month periods ended 30 September 2013 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 2012.

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. The Company's interim results may not be indicative of its annual results.

### **3. NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS**

The accounting and risk management policies used in the preparation of these interim condensed financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2012 except for the adoption of the following new standards and other amendments to existing standards mentioned below:

#### **IAS 1 Presentation of Items of Other Comprehensive Income – Amendments to IAS 1**

The amendments to IAS 1 introduce a grouping of items presented in other comprehensive income (OCI). Items that could be reclassified (or recycled) to profit or loss at a future point in time (e.g., net gain on hedge of net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) now have to be presented separately from items that will never be reclassified (e.g., actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendment affected presentation only and had no impact on the Company's financial position or performance.

#### **IAS 1 Clarification of the requirement for comparative information (Amendment)**

The amendment to IAS 1 clarifies the difference between voluntary additional comparative information and the minimum required comparative information. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the minimum required comparative period. The additional voluntarily comparative information does not need to be presented in a complete set of financial statements. An opening statement of financial position (known as the 'third balance sheet') must be presented when an entity applies an accounting policy retrospectively, makes retrospective restatements, or reclassifies items in its financial statements, provided any of those changes has a material effect on the statement of financial position at the beginning of the preceding period. The amendment clarifies that a third balance sheet does not have to be accompanied by comparative information in the related notes. Under IAS 34, the minimum items required for interim condensed financial statements do not include a third balance sheet.

#### **IAS 34 Interim financial reporting and segment information for total assets and liabilities (Amendment)**

The amendment clarifies the requirements in IAS 34 relating to segment information for total assets and liabilities for each reportable segment to enhance consistency with the requirements in IFRS 8 Operating Segments. Total assets and liabilities for a reportable segment need to be disclosed only when the amounts are regularly provided to the chief operating decision maker and there has been a material change in the total amount disclosed in the entity's previous annual financial statements for that reportable segment. The Company provides this disclosure as total segment assets were reported to the chief operating decision maker.

#### **IFRS 7 Financial Instruments: Disclosures Offsetting Financial Assets and Financial Liabilities - Amendments to IFRS 7**

The amendment requires an entity to disclose information about rights to set-off financial instruments and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether the financial instruments are set off in accordance with IAS 32. As the Company is not setting off financial instruments in accordance with IAS 32 and does not have relevant offsetting arrangements, the amendment does not have an impact on the Company.

#### **IFRS 13 Fair Value Measurement**

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The application of IFRS 13 has not materially impacted the fair value measurements carried out by the Company.

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

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

At 30 SEPTEMBER 2013

#### 3. NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS (continued)

##### IFRS 13 Fair Value Measurement (continued)

IFRS 13 also requires specific disclosures on fair values, some of which replace existing disclosure requirements in other standards, including IFRS 7 Financial Instruments: Disclosures. Some of these disclosures are specifically required for financial instruments by IAS 34.16A (j), thereby affecting the interim condensed financial statements period. The Company provides these disclosures in Note 7.

##### New amendments and standards issued but not yet effective:

The Company has chosen not to early adopt the following new standard and amendments to the International Financial Reporting Standards

##### IFRS 9 Financial Instruments: Classification and Measurement

IFRS 9, as issued, reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial 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, has been deferred till indefinite period of time by the IASB. In subsequent phases, the IASB will address hedge accounting and impairment of financial assets. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the Company's financial assets, but will not have an impact on classification and measurements of financial liabilities. The Company will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

##### IAS 32 Offsetting Financial Assets and Financial Liabilities — Amendments to IAS 32

These amendments clarify the meaning of "currently has a legally enforceable right to set-off". The amendments also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. These amendments are not expected to impact the Company's financial position or performance and become effective for annual periods beginning on or after 1 January 2014.

#### 4. CASH AND BANK BALANCES

	30 September 2013 (Unaudited)		31 December 2012 (Audited)	
	Reinsurance operations SR	Shareholders' operations SR	Reinsurance operations SR	Shareholders' operations SR
Cash on hand	968	-	-	-
Cash at banks	3,140,509	16,707,492	582,850	615,353
	<u>3,141,477</u>	<u>16,707,492</u>	<u>582,850</u>	<u>615,353</u>

Cash at banks are placed with counterparties who have investment grade credit ratings.

#### 5. PREMIUMS RECEIVABLE, NET

	30 September 2013 (Unaudited) SR	31 December 2012 (Audited) SR
Gross premium receivable	90,408,515	29,930,781
Allowance for doubtful receivables	(2,323,157)	(2,323,157)
	<u>88,085,358</u>	<u>27,607,624</u>

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

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

At 30 SEPTEMBER 2013

#### 6. TIME DEPOSITS

Time deposits represent deposits with banks with investment grade 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 2.5% per annum (31 December 2012: 2.3% per annum).

#### 7. STATUTORY DEPOSIT

The Company has deposited an amount of SR 100 million (31 December 2012: 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.

#### 8. 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 2013 (Unaudited)		31 December 2012 (Audited)	
	Reinsurance operations SR	Shareholders' operations SR	Reinsurance operations SR	Shareholders' operations SR
Bond Portfolios	-	210,201,159	-	210,843,604
Equity Portfolios	-	213,991,139	-	135,863,916
Funds	85,508,002	173,381,669	83,244,130	74,035,494
Sukuk	-	25,000,000	-	25,000,000
	<u>85,508,002</u>	<u>622,573,967</u>	<u>83,244,130</u>	<u>445,743,014</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 prices in active markets for the same instrument (i.e., without modification or repacking).

Level 2: quoted prices in active markets for similar assets and liabilities or other valuation techniques for which all significant inputs are based on observable market data.

Level 3: Valuation techniques for which any significant input is not based on observable market data.

As at 30 September 2013 and 31 December 2012, all financial instruments under reinsurance operations which are measured at fair 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:

	30 September 2013 (Unaudited)			
	Level 1 SR	Level 2 SR	Level 3 SR	Total SR
Bond Portfolios	210,201,159	-	-	210,201,159
Funds	148,381,669	-	25,000,000	173,381,669
Equity Portfolios	213,991,139	-	-	213,991,139
Sukuk	-	-	25,000,000	25,000,000
	<u>572,573,967</u>	<u>-</u>	<u>50,000,000</u>	<u>622,573,967</u>
	31 December 2012 (Audited)			
	Level 1 SR	Level 2 SR	Level 3 SR	Total SR
Bond Portfolios	210,843,604	-	-	210,843,604
Equity Portfolios	135,863,916	-	-	135,863,916
Funds	49,035,494	-	25,000,000	74,035,494
Sukuk	-	-	25,000,000	25,000,000
	<u>395,743,014</u>	<u>-</u>	<u>50,000,000</u>	<u>445,743,014</u>

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

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

At 30 SEPTEMBER 2013

#### 8 INVESTMENTS HELD AT FAIR VALUE THROUGH INCOME STATEMENT(continued)

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 30 September 2013 and year ended 31 December 2012.
- iv. The movements of investments held at fair value through income statement are as follows:

	For the nine month period ended 30 September 2013 (Unaudited)		For the year ended 31 December 2012 (Audited)	
	Reinsurance operations SR	Shareholders' operations SR	Reinsurance operations SR	Shareholders' operations SR
Opening balance	83,244,130	445,743,014	44,644,961	256,000,702
Additions	44,481,671	173,051,524	71,516,844	640,460,749
Disposals	(42,502,312)	(25,230,556)	(33,601,941)	(470,328,552)
Unrealized gains	252,574	28,251,490	636,578	17,264,137
Realized gains	31,939	758,495	47,688	2,345,978
<b>Ending balance</b>	<b>85,508,002</b>	<b>622,573,967</b>	<b>83,244,130</b>	<b>445,743,014</b>

Investments under reinsurance and shareholders' operations include SR 3.6 million and SR 4.9 million respectively as at 30 September 2013 (31 December 2012: SR Nil and SR 4.8 million respectively) cash deposits with reputable 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.

#### 9 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 4.10% per annum (31 December 2012: 4.37% per annum). The fair value of held to maturity investments amounted to SR 199,494,740 (31 December 2012: SR 209,047,506).

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

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

At 30 SEPTEMBER 2013

**10 NET CLAIMS PAID**

	For the three month period ended		For the nine month period ended	
	30 September 2013 (Unaudited) SR	30 September 2012 (Unaudited) SR	30 September 2013 (Unaudited) SR	30 September 2012 (Unaudited) SR
Gross claims paid	(21,920,353)	(36,705,531)	(70,235,675)	(73,128,748)
Retroceded share of claims paid	869,849	27,982,386	7,415,814	48,076,273
<b>Net claims paid</b>	<b>(21,050,504)</b>	<b>(8,723,145)</b>	<b>(62,819,861)</b>	<b>(25,052,475)</b>

**11 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 periods ended		Balance as at	
		30 September 2013 (Unaudited) SR	30 September 2012 (Unaudited) SR	30 September 2013 (Unaudited) SR	31 December 2012 (Audited) SR
Board of directors	Consulting fees	266,243	274,026	-	-
	Remunerations	-	-	611,910	1,277,130
	Meeting fees and expenses	328,120	150,003	232,750	188,500
Key management personnel	Short term benefits	5,415,548	6,841,817	1,651,667	2,000,000
	End of service benefits	157,157	228,063	398,319	299,043

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) At 30 SEPTEMBER 2013

#### 12 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 except 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.

#### 12.1 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	Others SR	Total SR
<b>For the three month period ended</b>							
<b>30 September 2013 (Unaudited)</b>							
<b>Reinsurance operations' results</b>							
Gross written premiums	22,860,605	34,664,314	14,549,904	9,084,803	11,474,591	12,693,818	105,328,035
Retroceded premiums	(1,809,208)	(5,437)	(457,388)	-	(921,823)	(642)	(3,194,498)
Excess of loss expenses	(1,373,865)	(8,511,247)	(239,963)	(130,195)	(164,546)	(247,669)	(10,667,185)
<b>Net written premiums</b>	19,677,832	26,147,630	13,852,553	8,954,608	10,388,222	12,445,507	91,466,352
Change in net unearned premiums	(5,544,800)	(59,489)	(3,790,519)	560,080	(757,656)	(2,128,369)	(11,720,753)
<b>Net earned premiums</b>	14,133,032	26,088,141	10,062,034	9,514,688	9,630,566	10,317,138	79,745,599
Net claims paid	(1,460,146)	(4,950,234)	(2,976,352)	(2,411,482)	(5,604,021)	(3,648,269)	(21,050,504)
Change in net outstanding claims	(5,140,993)	(55,083,275)	(988,148)	(6,867,050)	(366,358)	(3,162,433)	(71,608,257)
<b>Net claims incurred</b>	(6,601,139)	(60,033,509)	(3,964,500)	(9,278,532)	(5,970,379)	(6,810,702)	(92,658,761)
Gross acquisition costs	(5,059,454)	(9,158,248)	(3,344,574)	(2,256,377)	(514,742)	(1,730,790)	(22,064,185)
Commissions on retroceded business	538,822	202,865	(135,202)	-	-	(236,959)	369,526
Supervision and inspection fees	(114,303)	(173,322)	(72,750)	(45,424)	(57,371)	(63,470)	(526,640)
<b>Net underwriting results</b>	2,896,958	(43,074,073)	2,545,008	(2,065,645)	3,088,074	1,475,217	(35,134,461)



**Saudi Reinsurance Company (A Saudi Joint Stock Company)**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued)**  
**At 30 SEPTEMBER 2013**

**12. SEGMENTAL INFORMATION (continued)**  
**12.1 Business segments (continued)**

	Engineering SR	Fire SR	Marine SR	Motor SR	Life SR	Others SR	Total SR
<b>For the three month period ended</b>							
<b>30 September 2012 (Unaudited)</b>							
<b>Reinsurance operations' results</b>							
Gross written premiums	21,430,360	31,340,066	11,128,800	7,336,402	3,518,199	6,912,353	81,666,180
Retroceded premiums	(1,855,015)	(1,709,210)	(395,951)	-	-	(17,300)	(3,977,476)
Excess of loss expenses	(1,435,555)	(3,225,866)	(832,816)	(46,631)	-	(351,600)	(5,892,468)
<b>Net written premiums</b>	<b>18,139,790</b>	<b>26,404,990</b>	<b>9,900,033</b>	<b>7,289,771</b>	<b>3,518,199</b>	<b>6,543,453</b>	<b>71,796,236</b>
Change in net unearned premiums	(8,581,207)	(5,387,570)	(4,043,416)	(4,492,771)	(1,045,201)	(179,114)	(23,729,279)
<b>Net earned premiums</b>	<b>9,558,583</b>	<b>21,017,420</b>	<b>5,856,617</b>	<b>2,797,000</b>	<b>2,472,998</b>	<b>6,364,339</b>	<b>48,066,957</b>
Net claims paid	(632,368)	(6,400,795)	(1,033,037)	(496,490)	(403,001)	242,546	(8,723,145)
Change in net outstanding claims	(4,401,363)	(3,432,580)	(2,994,381)	(805,399)	(167,977)	(5,764,097)	(17,565,817)
<b>Net claims incurred</b>	<b>(5,033,751)</b>	<b>(9,833,375)</b>	<b>(4,027,418)</b>	<b>(1,301,889)</b>	<b>(570,978)</b>	<b>(5,521,551)</b>	<b>(26,288,962)</b>
Gross acquisition costs	(4,125,924)	(6,867,560)	(2,243,824)	(507,481)	(146,457)	(1,017,071)	(14,908,317)
Commissions on retroceded business	836,212	726,591	129,159	-	-	75,912	1,767,874
Supervision and inspection fees	(107,152)	(156,701)	(55,644)	(36,682)	(17,591)	(34,561)	(408,331)
<b>Net underwriting results</b>	<b>1,127,968</b>	<b>4,886,375</b>	<b>(341,110)</b>	<b>950,948</b>	<b>1,737,972</b>	<b>(132,932)</b>	<b>8,229,221</b>

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued)**  
**At 30 SEPTEMBER 2013**

**12. SEGMENTAL INFORMATION (continued)**

**12.1 Business segments (continued)**

For the nine month period ended

30 September 2013 (Unaudited)

Reinsurance operations' results

	Engineering SR	Fire SR	Marine SR	Motor SR	Life SR	Others SR	Total SR
Gross written premiums	71,136,893	140,216,381	45,870,341	49,619,666	28,620,863	36,451,900	371,916,044
Retroceded premiums	(4,248,037)	(199,565)	(603,445)	-	(921,823)	(125,826)	(6,098,696)
Excess of loss expenses	(2,987,970)	(15,634,258)	(2,214,087)	(221,934)	(802,469)	(1,037,179)	(22,897,897)
<b>Net written premiums</b>	<b>63,900,886</b>	<b>124,382,558</b>	<b>43,052,809</b>	<b>49,397,732</b>	<b>26,896,571</b>	<b>35,288,895</b>	<b>342,919,451</b>
Change in net unearned premiums	(25,844,209)	(48,111,467)	(14,299,300)	(23,335,889)	(7,591,733)	(11,418,573)	(130,601,171)
<b>Net earned premiums</b>	<b>38,056,677</b>	<b>76,271,091</b>	<b>28,753,509</b>	<b>26,061,843</b>	<b>19,304,838</b>	<b>23,870,322</b>	<b>212,318,280</b>
Net claims paid	(3,608,132)	(21,521,368)	(6,602,441)	(5,138,826)	(6,852,553)	(19,096,541)	(62,819,861)
Change in net outstanding claims	(11,021,993)	(89,131,333)	(5,897,158)	(14,351,494)	(2,495,860)	6,843,860	(116,053,978)
<b>Net claims incurred</b>	<b>(14,630,125)</b>	<b>(110,652,701)</b>	<b>(12,499,599)</b>	<b>(19,490,320)</b>	<b>(9,348,413)</b>	<b>(12,252,681)</b>	<b>(178,873,839)</b>
Gross acquisition costs	(13,331,716)	(23,992,171)	(8,597,740)	(4,373,314)	(950,524)	(4,748,467)	(55,993,932)
Commissions on retroceded business	2,241,373	356,764	146,303	-	30,377	(101,270)	2,673,547
Supervision and inspection fees	(355,684)	(701,082)	(229,352)	(248,098)	(143,104)	(182,260)	(1,859,580)
<b>Net underwriting results</b>	<b>11,980,525</b>	<b>(58,718,099)</b>	<b>7,573,121</b>	<b>1,950,111</b>	<b>8,893,174</b>	<b>6,585,644</b>	<b>(21,735,524)</b>

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

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

At 30 SEPTEMBER 2013

12. SEGMENTAL INFORMATION (continued)

12.1 Business segments (continued)

	Engineering SR	Fire SR	Marine SR	Motor SR	Life SR	Others SR	Total SR
<b>For the Nine month period ended</b>							
<b>30 September 2012 (Unaudited)</b>							
<b>Reinsurance operations' results</b>							
Gross written premiums	58,448,197	85,394,945	28,576,020	11,484,626	8,486,912	27,436,474	219,827,174
Retroceded premiums	(3,038,755)	(1,108,086)	(649,573)	-	393	222,358	(4,573,663)
Excess of loss expenses	(4,838,380)	(7,876,579)	(2,227,983)	(121,029)	-	(1,469,039)	(16,535,010)
<b>Net written premiums</b>	50,571,062	76,408,280	25,698,464	11,363,597	8,487,305	26,189,793	198,718,501
Change in net unearned premiums	(29,870,059)	(28,591,231)	(10,305,772)	(5,543,845)	(3,030,299)	(12,753,784)	(90,094,990)
<b>Net earned premiums</b>	20,701,003	47,817,049	15,392,692	5,819,752	5,457,006	13,436,009	108,623,511
Net claims paid	(1,596,768)	(16,347,303)	(2,375,042)	(3,759,117)	(768,348)	(205,897)	(25,052,475)
Change in net outstanding claims	(9,547,428)	(6,473,080)	(6,822,474)	(901,121)	(244,345)	(8,091,081)	(32,079,529)
<b>Net claims incurred</b>	(11,144,196)	(22,820,383)	(9,197,516)	(4,660,238)	(1,012,693)	(8,296,978)	(57,132,004)
Gross acquisition costs	(10,062,526)	(15,739,513)	(6,313,060)	(984,315)	(290,073)	(2,417,574)	(35,807,061)
Commissions on retroceded business	2,607,682	2,046,246	726,195	-	-	196,982	5,577,105
Supervision and inspection fees	(292,241)	(426,975)	(142,880)	(57,423)	(42,435)	(137,182)	(1,099,136)
<b>Net underwriting results</b>	1,809,722	10,876,424	465,431	117,776	4,111,805	2,781,257	20,162,415

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

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

At 30 SEPTEMBER 2013

12. SEGMENTAL INFORMATION (continued)

12.1 Business segments (continued)

	Engineering SR	Fire SR	Marine SR	Motor SR	Life SR	Others SR	Total SR
<b>As at 30 September 2013 (Unaudited)</b>							
Segment assets	108,140,050	201,312,987	52,498,739	42,030,896	29,057,103	28,819,428	461,859,203
Segment liabilities	124,422,152	328,802,039	46,808,416	51,588,144	22,047,923	42,715,621	616,384,295
<b>As at 31 December 2012 (Audited)</b>							
Segment assets	65,466,362	81,898,531	24,459,570	10,348,435	15,970,291	13,343,258	211,486,447
Segment liabilities	80,078,184	133,781,066	22,589,021	15,685,919	10,364,449	33,151,268	295,649,907

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

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

At 30 SEPTEMBER 2013

#### 12. SEGMENTAL INFORMATION (continued)

##### 12.2 Geographical segments

	Kingdom of Saudi Arabia SR	Other Middle Eastern Countries SR	Africa SR	Emerging Markets SR	Total SR
For the three month period ended 30 September 2013 (Unaudited)					
<b>Reinsurance operations' results</b>					
Gross written premiums	56,789,031	29,600,433	6,986,796	11,951,775	105,328,035
Retroceded premiums	(3,025,954)	(150,701)	(17,843)	-	(3,194,498)
Excess of loss expenses	(8,041,918)	(1,830,015)	(486,217)	(309,035)	(10,667,185)
<b>Net written premiums</b>	<b>45,721,159</b>	<b>27,619,717</b>	<b>6,482,736</b>	<b>11,642,740</b>	<b>91,466,352</b>
Change in net unearned premiums	(3,554,716)	(10,895,834)	2,404,835	324,962	(11,720,753)
<b>Net earned premiums</b>	<b>42,166,443</b>	<b>16,723,883</b>	<b>8,887,571</b>	<b>11,967,702</b>	<b>79,745,599</b>
Net claims paid	(17,225,127)	(1,994,349)	(4,343,009)	2,511,981	(21,050,504)
Change in net outstanding claims	(49,545,025)	(12,309,658)	(3,406,383)	(6,347,191)	(71,608,257)
<b>Net claims incurred</b>	<b>(66,770,152)</b>	<b>(14,304,007)</b>	<b>(7,749,392)</b>	<b>(3,835,210)</b>	<b>(92,658,761)</b>
Gross acquisition costs	(13,397,828)	(3,828,071)	(2,038,138)	(2,800,148)	(22,064,185)
Commissions on retroceded business	300,980	59,593	8,953	-	369,526
Supervision and inspection fees	(283,945)	(148,002)	(34,934)	(59,759)	(526,640)
<b>Net underwriting results</b>	<b>(37,984,502)</b>	<b>(1,496,604)</b>	<b>(925,940)</b>	<b>5,272,585</b>	<b>(35,134,461)</b>

	Kingdom of Saudi Arabia SR	Other Middle Eastern Countries SR	Africa SR	Emerging Markets SR	Total SR
For the three month period ended 30 September 2012 (Unaudited)					
<b>Reinsurance operations' results</b>					
Gross written premiums	52,135,391	22,143,730	6,068,869	1,318,190	81,666,180
Retroceded premiums	(3,577,845)	(245,216)	(154,415)	-	(3,977,476)
Excess of loss expenses	(3,999,233)	(1,786,299)	(106,936)	-	(5,892,468)
<b>Net written premiums</b>	<b>44,558,313</b>	<b>20,112,215</b>	<b>5,807,518</b>	<b>1,318,190</b>	<b>71,796,236</b>
Change in net unearned premiums	(12,832,362)	(11,913,584)	(3,974,278)	4,990,945	(23,729,279)
<b>Net earned premiums</b>	<b>31,725,951</b>	<b>8,198,631</b>	<b>1,833,240</b>	<b>6,309,135</b>	<b>48,066,957</b>
Net claims paid	(9,781,602)	538,988	(103,169)	622,638	(8,723,145)
Change in net outstanding claims	(2,436,405)	(9,814,767)	969,855	(6,284,500)	(17,565,817)
<b>Net claims incurred</b>	<b>(12,218,007)</b>	<b>(9,275,779)</b>	<b>866,686</b>	<b>(5,661,862)</b>	<b>(26,288,962)</b>
Gross acquisition costs	(10,468,853)	(2,730,918)	(454,133)	(1,254,413)	(14,908,317)
Commissions on retroceded business	1,518,693	217,982	31,199	-	1,767,874
Supervision and inspection fees	(260,677)	(110,719)	(30,345)	(6,590)	(408,331)
<b>Net underwriting results</b>	<b>10,297,107</b>	<b>(3,700,803)</b>	<b>2,246,647</b>	<b>(613,730)</b>	<b>8,229,221</b>

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

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

At 30 SEPTEMBER 2013

12. SEGMENTAL INFORMATION (continued)

12.2 Geographical segments (continued)

	Kingdom of Saudi Arabia SR	Other Middle Eastern Countries SR	Africa SR	Emerging Markets SR	Total SR
For the nine month period ended 30 September 2013 (Unaudited)					
<b>Reinsurance operations' results</b>					
Gross written premiums	211,932,543	69,110,830	37,651,735	53,220,936	371,916,044
Retroceded premiums	(4,938,052)	(1,068,589)	(92,055)	-	(6,098,696)
Excess of loss expenses	(16,181,216)	(2,916,159)	(2,625,102)	(1,175,420)	(22,897,897)
<b>Net written premiums</b>	<b>190,813,275</b>	<b>65,126,082</b>	<b>34,934,578</b>	<b>52,045,516</b>	<b>342,919,451</b>
Change in net unearned premiums	(69,160,920)	(21,908,882)	(13,875,090)	(25,656,279)	(130,601,171)
<b>Net earned premiums</b>	<b>121,652,355</b>	<b>43,217,200</b>	<b>21,059,488</b>	<b>26,389,237</b>	<b>212,318,280</b>
Net claims paid	(33,702,028)	(6,240,613)	(9,217,831)	(13,659,389)	(62,819,861)
Change in net outstanding claims	(93,327,673)	(17,494,620)	(4,570,077)	(661,608)	(116,053,978)
<b>Net claims incurred</b>	<b>(127,029,701)</b>	<b>(23,735,233)</b>	<b>(13,787,908)</b>	<b>(14,320,997)</b>	<b>(178,873,839)</b>
Gross acquisition costs	(34,413,764)	(10,177,865)	(5,220,093)	(6,182,210)	(55,993,932)
Commissions on retroceded business	2,197,348	416,195	60,004	-	2,673,547
Supervision and inspection fees	(1,059,663)	(345,554)	(188,259)	(266,104)	(1,859,580)
<b>Net underwriting results</b>	<b>(38,653,425)</b>	<b>9,374,743</b>	<b>1,923,232</b>	<b>5,619,926</b>	<b>(21,735,524)</b>

	Kingdom of Saudi Arabia SR	Other Middle Eastern Countries SR	Africa SR	Emerging Markets SR	Total SR
For the nine month period ended 30 September 2012 (Unaudited)					
<b>Reinsurance operations' results</b>					
Gross written premiums	135,904,362	41,393,798	9,014,921	33,514,093	219,827,174
Retroceded premiums	(3,551,205)	(809,403)	(213,055)	-	(4,573,663)
Excess of loss expenses	(10,541,507)	(2,994,265)	(259,383)	(2,739,855)	(16,535,010)
<b>Net written premiums</b>	<b>121,811,650</b>	<b>37,590,130</b>	<b>8,542,483</b>	<b>30,774,238</b>	<b>198,718,501</b>
Change in net unearned premiums	(47,099,402)	(16,842,931)	(5,137,657)	(21,015,000)	(90,094,990)
<b>Net earned premiums</b>	<b>74,712,248</b>	<b>20,747,199</b>	<b>3,404,826</b>	<b>9,759,238</b>	<b>108,623,511</b>
Net claims paid	(24,226,807)	(6,096)	(1,394,814)	575,242	(25,052,475)
Change in net outstanding claims	(11,819,968)	(15,749,420)	4,585,133	(9,095,274)	(32,079,529)
<b>Net claims incurred</b>	<b>(36,046,775)</b>	<b>(15,755,516)</b>	<b>3,190,319</b>	<b>(8,520,032)</b>	<b>(57,132,004)</b>
Gross acquisition costs	(25,539,174)	(6,638,264)	(935,546)	(2,694,077)	(35,807,061)
Commissions on retroceded business	4,479,193	961,608	136,304	-	5,577,105
Supervision and inspection fees	(679,522)	(206,969)	(45,075)	(167,570)	(1,099,136)
<b>Net underwriting results</b>	<b>16,925,970</b>	<b>(891,942)</b>	<b>5,750,828</b>	<b>(1,622,441)</b>	<b>20,162,415</b>

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

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

At 30 SEPTEMBER 2013

#### 12. SEGMENTAL INFORMATION (continued)

##### 12.2 Geographical segments (continued)

	Kingdom of Saudi Arabia SR	Other Middle Eastern Countries SR	Africa SR	Emerging Markets SR	Total SR
<b>As at 30 September 2013 (Unaudited)</b>					
<b>Reinsurance operations</b>					
Segment assets	283,894,075	85,442,008	43,371,660	49,151,460	461,859,203
Segment liabilities	399,251,483	111,006,730	39,782,430	66,343,652	616,384,295
<b>As at 31 December 2012 (Audited)</b>					
<b>Reinsurance operations</b>					
Segment assets	132,448,697	44,343,118	14,653,667	20,040,965	211,486,447
Segment liabilities	178,139,075	61,756,619	18,880,674	36,873,539	295,649,907

#### 13 BASIC AND DILUTED(LOSS) EARNINGS PER SHARE

Basic and diluted(loss) earnings per share for the three and nine month periods ended 30 September 2013 and 2012 have been calculated by dividing net income for the period by the weighted average number of ordinary issued and outstanding shares at the end of the periods.

#### 14 COMPARATIVE FIGURES

The Company has separated certain reinsurance related General and Administrative expenses from shareholders expenses for the three and nine months period ended 30 September 2013. Accordingly, the comparative figures for the three and nine month periods ended 30 September 2012 were also reclassified based on similar classification. As a result of the reclassification, an amount of SR 9,300,202 was taken out from reinsurance operations' general and administrative expenses and charged to shareholders' operations.

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

#### 16 APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

These interim condensed financial statements have been approved by the Board of Directors on XX Dhul-hijjah 1434H corresponding to XX October 2013.