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

**INTERIM CONDENSED FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITORS' REVIEW REPORT (UNAUDITED)  
FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2011**

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

**INTERIM CONDENSED FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REVIEW REPORT (UNAUDITED)**  
For The Three And Nine Month Periods Ended 30 September 2011

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

**SCOPE OF REVIEW**

We have reviewed the accompanying interim statement of financial position of Saudi Reinsurance Company (the "Company") – A Saudi Joint Stock Company as at 30 September 2011, and the related interim statements of reinsurance operations, shareholders' operations, shareholders' comprehensive operations for the three and nine month periods then ended and the interim statements of changes in shareholders' equity, reinsurance operations and shareholders' cash flows for the nine month period then ended and the 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 (IAS 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 International Accounting Standard (IAS 34).

**EMPHASIS OF A MATTER**

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

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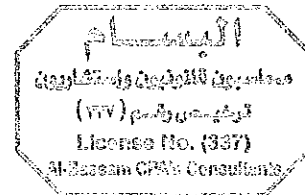
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**Certified Public Accountant**  
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19 Zul-Qaidah 1432 H  
17 October 2011



# Saudi Reinsurance Company (A Saudi Joint Stock Company)

## INTERIM STATEMENT OF FINANCIAL POSITION

As At 30 September 2011

|                                                                                           | Notes | 30 September 2011<br>(Unaudited)<br>SR | 31 December 2010<br>(Audited)<br>SR |
|-------------------------------------------------------------------------------------------|-------|----------------------------------------|-------------------------------------|
| <b>REINSURANCE OPERATIONS' ASSETS</b>                                                     |       |                                        |                                     |
| Cash and cash equivalents                                                                 | 4     | 5,310,118                              | 3,935,529                           |
| Investments held at fair value through income statement                                   | 7     | 26,950,185                             | -                                   |
| Premiums receivable                                                                       |       | 20,952,044                             | 10,641,763                          |
| Accrued insurance premiums                                                                |       | 78,791,208                             | 28,750,649                          |
| Retroceded share of unearned premiums                                                     |       | 41,607,191                             | 34,253,299                          |
| Retroceded share of outstanding claims                                                    |       | 97,130,350                             | 39,410,609                          |
| Deferred acquisition costs                                                                |       | 28,784,827                             | 14,352,440                          |
| Deferred excess of loss premiums                                                          |       | 15,560,086                             | 1,105,136                           |
| Prepaid expenses and other assets                                                         |       | 1,142,090                              | 329,975                             |
| Due from shareholders' operations                                                         |       | 2,904,814                              | 26,734,061                          |
| Property and equipment, net                                                               |       | 2,265,170                              | 2,345,905                           |
| <b>TOTAL REINSURANCE OPERATIONS' ASSETS</b>                                               |       | <b>321,398,083</b>                     | <b>161,859,366</b>                  |
| <b>SHAREHOLDERS' ASSETS</b>                                                               |       |                                        |                                     |
| Cash and cash equivalents                                                                 | 4     | 651,388                                | 1,168,051                           |
| Time deposits                                                                             | 5     | 255,796,744                            | 403,925,060                         |
| Accrued special commission income from time deposits                                      |       | 3,890,628                              | 5,697,284                           |
| Accrued special commission income from bonds                                              |       | 4,250,745                              | 2,996,077                           |
| Investments held at fair value through income statement                                   | 7     | 394,867,471                            | 307,400,220                         |
| Held to maturity investments                                                              | 8     | 211,005,247                            | 211,322,003                         |
| Statutory deposit                                                                         | 6     | 100,000,000                            | 100,000,000                         |
| Other assets                                                                              |       | 2,697,889                              | 1,757,379                           |
| <b>TOTAL SHAREHOLDERS' ASSETS</b>                                                         |       | <b>973,160,112</b>                     | <b>1,034,266,074</b>                |
| <b>TOTAL ASSETS</b>                                                                       |       | <b>1,294,558,195</b>                   | <b>1,196,125,440</b>                |
| <b>REINSURANCE OPERATIONS' LIABILITIES</b>                                                |       |                                        |                                     |
| Retrocession balances payable                                                             |       | 21,421,220                             | 15,362,298                          |
| Accrued retroceded premiums                                                               |       | 25,901,785                             | 16,024,650                          |
| Gross unearned premiums                                                                   |       | 111,469,164                            | 54,120,481                          |
| Gross outstanding claims                                                                  |       | 142,401,570                            | 57,170,229                          |
| Unearned commission income                                                                |       | 11,936,889                             | 10,409,218                          |
| Accrued expenses and other liabilities                                                    |       | 7,480,477                              | 7,825,791                           |
| Employees' end of service benefits                                                        |       | 786,978                                | 946,699                             |
| <b>TOTAL REINSURANCE OPERATIONS' LIABILITIES</b>                                          |       | <b>321,398,083</b>                     | <b>161,859,366</b>                  |
| <b>SHAREHOLDERS' LIABILITIES AND EQUITY</b>                                               |       |                                        |                                     |
| <b>SHAREHOLDERS' LIABILITIES</b>                                                          |       |                                        |                                     |
| Provision for zakat and income tax                                                        |       | 20,338,879                             | 21,359,836                          |
| Due to reinsurance operations                                                             |       | 2,904,814                              | 26,734,061                          |
| Other liabilities                                                                         |       | 2,697,889                              | 1,757,379                           |
| <b>TOTAL SHAREHOLDERS' LIABILITIES</b>                                                    |       | <b>25,941,582</b>                      | <b>49,851,276</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                                                                       |       | (58,852,394)                           | (21,656,126)                        |
| <b>TOTAL SHAREHOLDERS' EQUITY</b>                                                         |       | <b>947,218,530</b>                     | <b>984,414,798</b>                  |
| <b>TOTAL SHAREHOLDERS' LIABILITIES AND EQUITY</b>                                         |       | <b>973,160,112</b>                     | <b>1,034,266,074</b>                |
| <b>TOTAL REINSURANCE OPERATIONS' LIABILITIES AND SHAREHOLDERS' LIABILITIES AND EQUITY</b> |       | <b>1,294,558,195</b>                   | <b>1,196,125,440</b>                |

The accompanying notes 1 to 13 form an integral part of these interim condensed financial statements.

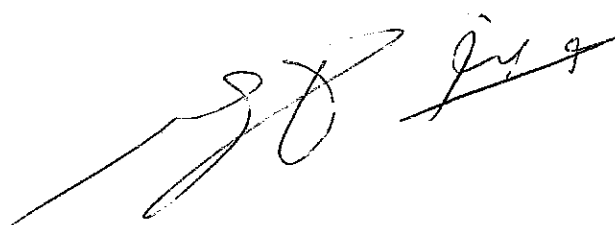
**Saudi Reinsurance Company (A Saudi Joint Stock Company)**  
**INTERIM STATEMENT OF REINSURANCE OPERATIONS (UNAUDITED)**  
For The Three And Nine Month Periods Ended 30 September 2011

| Notes                                                                        | For The Three Month<br>Period Ended |                      | For The Nine Month<br>Period Ended |                      |
|------------------------------------------------------------------------------|-------------------------------------|----------------------|------------------------------------|----------------------|
|                                                                              | 30 September<br>2011                | 30 September<br>2010 | 30 September<br>2011               | 30 September<br>2010 |
|                                                                              | SR                                  | SR                   | SR                                 | SR                   |
| Gross premiums written                                                       | 55,282,520                          | 31,469,678           | 153,976,466                        | 93,135,276           |
| Retroceded premiums                                                          | (5,954,714)                         | (17,289,040)         | (57,224,878)                       | (58,697,738)         |
| Excess of loss expenses                                                      | (5,365,995)                         | (453,342)            | (6,939,823)                        | (1,120,140)          |
| <b>Net premiums written</b>                                                  | <b>43,961,811</b>                   | <b>13,727,296</b>    | <b>89,811,765</b>                  | <b>33,317,398</b>    |
| Change in net unearned premiums                                              | (28,430,117)                        | (6,712,255)          | (49,994,791)                       | (15,928,281)         |
| <b>Net premiums earned</b>                                                   | <b>15,531,694</b>                   | <b>7,015,041</b>     | <b>39,816,974</b>                  | <b>17,389,117</b>    |
| Net claims paid                                                              | (5,167,895)                         | (3,281,143)          | (13,024,827)                       | (5,325,412)          |
| Change in net outstanding claims                                             | (13,696,013)                        | 721,844              | (27,511,600)                       | (11,182,767)         |
| Gross acquisition costs                                                      | (9,463,227)                         | (5,211,057)          | (25,382,656)                       | (13,721,821)         |
| Commissions on retroceded business                                           | 4,888,533                           | 3,988,384            | 15,179,522                         | 10,782,830           |
| Supervision and inspection fees                                              | (276,413)                           | (117,973)            | (924,485)                          | (362,196)            |
| <b>Net underwriting results</b>                                              | <b>(8,183,321)</b>                  | <b>3,115,096</b>     | <b>(11,847,072)</b>                | <b>(2,420,249)</b>   |
| Unrealized gains on investments held at fair value through income statement  | 7 62,398                            | -                    | 216,123                            | -                    |
| General and administrative expenses                                          | (6,406,945)                         | (5,556,545)          | (27,181,278)                       | (17,536,204)         |
| Board of directors' remunerations and expenses                               | 9 (55,419)                          | (317,993)            | (273,091)                          | (1,034,762)          |
| <b>Net deficit from reinsurance operations results</b>                       | <b>(14,583,287)</b>                 | <b>(2,759,442)</b>   | <b>(39,085,318)</b>                | <b>(20,991,215)</b>  |
| Net deficit transferred to the interim statement of shareholders' operations | 14,583,287                          | 2,759,442            | 39,085,318                         | 20,991,215           |
| <b>Net result for the period</b>                                             | <b>-</b>                            | <b>-</b>             | <b>-</b>                           | <b>-</b>             |

The accompanying notes 1 to 13 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 2011

| Notes                                                                       | For The Three Month<br>Period Ended |                      | For The Nine Month<br>Period Ended |                      |
|-----------------------------------------------------------------------------|-------------------------------------|----------------------|------------------------------------|----------------------|
|                                                                             | 30 September<br>2011                | 30 September<br>2010 | 30 September<br>2011               | 30 September<br>2010 |
|                                                                             | SR                                  | SR                   | SR                                 | SR                   |
| Special commission income from time deposits                                | 1,930,688                           | 3,100,648            | 7,113,233                          | 9,036,394            |
| Special commission income from bonds                                        | 2,320,854                           | 2,306,450            | 6,932,029                          | 5,860,079            |
| Realized gains on investments held at fair value through income statement   | 7 760,694                           | 181,637              | 830,874                            | 781,267              |
| Unrealized gains on investments held at fair value through income statement | 7 332,965                           | 947,699              | 2,032,186                          | 2,629,223            |
| Foreign exchange translation (losses) / gains                               | (1,199,719)                         | 1,924,975            | 292,728                            | (3,294,295)          |
| Other expenses                                                              | (19,019)                            | (223)                | (19,019)                           | (23,813)             |
| Net deficit transferred from reinsurance operations results                 | (14,583,287)                        | (2,759,442)          | (39,085,318)                       | (20,991,215)         |
| <b>Net (loss) / income for the period</b>                                   | <b>(10,456,824)</b>                 | <b>5,701,744</b>     | <b>(21,903,287)</b>                | <b>(6,002,360)</b>   |
| <b>Basic and diluted (loss) / income per share for the period</b>           | <b>11 (0.1046)</b>                  | <b>0.0570</b>        | <b>(0.2190)</b>                    | <b>(0.0600)</b>      |
| <b>Weighted average number of issued shares during the period</b>           | <b>100,000,000</b>                  | <b>100,000,000</b>   | <b>100,000,000</b>                 | <b>100,000,000</b>   |



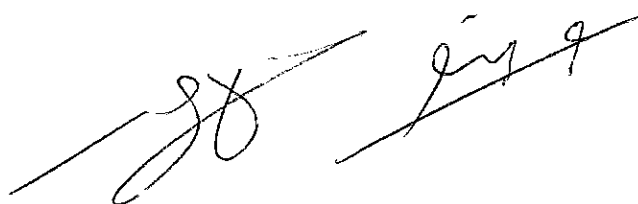
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**Saudi Reinsurance Company (A Saudi Joint Stock Company)**

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

For The Three And Nine Month Periods Ended 30 September 2011

|                                                               | For The Three Month<br>Period Ended |                            | For The Nine Month<br>Period Ended |                            |
|---------------------------------------------------------------|-------------------------------------|----------------------------|------------------------------------|----------------------------|
|                                                               | 30 September<br>2011<br>SR          | 30 September<br>2010<br>SR | 30 September<br>2011<br>SR         | 30 September<br>2010<br>SR |
| Net (loss) / income for the period                            | (10,456,824)                        | 5,701,744                  | (21,903,287)                       | (6,002,360)                |
| Other comprehensive expenses:                                 |                                     |                            |                                    |                            |
| Zakat and income tax                                          | (4,985,050)                         | (4,203,024)                | (15,292,981)                       | (15,855,726)               |
| <b>Total comprehensive (loss) / Income for<br/>the period</b> | <b>(15,441,874)</b>                 | <b>1,498,720</b>           | <b>(37,196,268)</b>                | <b>(21,858,086)</b>        |



The accompanying notes 1 to 13 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 2011

|                                 | GCC Founding Shareholders and general public |  |                   |                     | Non - GCC Founding Shareholders |         |                   |                     | Total         |           |                   |                     |               |    |
|---------------------------------|----------------------------------------------|--|-------------------|---------------------|---------------------------------|---------|-------------------|---------------------|---------------|-----------|-------------------|---------------------|---------------|----|
|                                 | Share capital                                |  | Statutory reserve |                     | Share capital                   |         | Statutory reserve |                     | Share capital |           | Statutory reserve |                     | Total         |    |
|                                 | SR                                           |  | SR                | Accumulated deficit | SR                              |         | SR                | Accumulated deficit | SR            |           | SR                | Accumulated deficit | SR            | SR |
| Balance as at 1 January 2010    | 941,000,000                                  |  | 5,712,740         | (1,510,904)         | 55,000,000                      | 355,184 | 1,072,560         |                     | 1,000,000,000 | 6,070,924 | (438,324)         |                     | 1,005,632,600 |    |
| Net loss for the period         | -                                            |  | -                 | (5,646,221)         | -                               | -       | (354,139)         |                     | -             | -         | (6,002,360)       |                     | (6,002,360)   |    |
| Zakat and income tax            | -                                            |  | -                 | (15,855,726)        | -                               | -       | -                 |                     | -             | -         | (15,855,726)      |                     | (15,855,726)  |    |
| Balance as at 30 September 2010 | 941,000,000                                  |  | 5,712,740         | (23,014,851)        | 55,000,000                      | 355,184 | 718,441           |                     | 1,000,000,000 | 6,070,924 | (22,295,410)      |                     | 993,774,514   |    |
| Balance as at 1 January 2011    | 941,000,000                                  |  | 5,712,740         | (22,731,362)        | 55,000,000                      | 355,184 | 1,075,236         |                     | 1,000,000,000 | 6,070,924 | (21,656,126)      |                     | 984,414,798   |    |
| Net loss for the period         | -                                            |  | -                 | (20,510,959)        | -                               | -       | (1,252,394)       |                     | -             | -         | (21,903,287)      |                     | (21,903,287)  |    |
| Zakat and income tax            | -                                            |  | -                 | (15,292,981)        | -                               | -       | -                 |                     | -             | -         | (15,292,981)      |                     | (15,292,981)  |    |
| Balance as at 30 September 2011 | 941,000,000                                  |  | 5,712,740         | (58,535,309)        | 55,000,000                      | 355,184 | (217,059)         |                     | 1,000,000,000 | 6,070,924 | (58,652,394)      |                     | 947,216,590   |    |



The accompanying notes 1 to 13 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 2011

|                                                                                                   | 30 September 2011<br>SR | 30 September 2010<br>SR |
|---------------------------------------------------------------------------------------------------|-------------------------|-------------------------|
| <b>OPERATING ACTIVITIES</b>                                                                       |                         |                         |
| Net result for the period                                                                         | -                       | -                       |
| Adjustments for:                                                                                  |                         |                         |
| Employees' end of service benefits                                                                | 450,539                 | 206,170                 |
| Depreciation                                                                                      | 665,720                 | 761,521                 |
| Unrealized gains on investments held at fair value through income statement                       | (216,123)               | -                       |
| Gains from disposal of property and equipment                                                     | (146,695)               | -                       |
| Operating profit before changes in operating assets and liabilities                               | 753,441                 | 967,691                 |
| <b>Changes in operating assets and liabilities:</b>                                               |                         |                         |
| Premiums receivable                                                                               | (10,310,281)            | 3,200,073               |
| Accrued insurance premiums                                                                        | (50,040,559)            | (24,739,569)            |
| Retroceded share of unearned premiums                                                             | (7,353,892)             | (22,515,677)            |
| Retroceded share of outstanding claims                                                            | (57,719,741)            | (32,066,134)            |
| Deferred acquisition costs                                                                        | (14,432,387)            | (10,394,856)            |
| Deferred excess of loss premiums                                                                  | (14,454,950)            | (898,460)               |
| Prepaid expenses and other assets                                                                 | (812,115)               | (290,505)               |
| Due from shareholders' operations                                                                 | (2,904,815)             | (11,762,732)            |
| Retrocession balances payable                                                                     | 6,058,922               | (4,498,718)             |
| Accrued retroceded premiums                                                                       | 9,877,135               | 13,530,342              |
| Gross unearned premiums                                                                           | 57,348,683              | 38,443,957              |
| Gross outstanding claims                                                                          | 85,231,341              | 43,248,900              |
| Unearned commission income                                                                        | 1,527,671               | 6,967,408               |
| Accrued expenses and other liabilities                                                            | (345,314)               | 1,293,668               |
| Employees' end of service benefits paid                                                           | (610,260)               | (26,322)                |
| <b>Net cash from operating activities</b>                                                         | <b>1,812,879</b>        | <b>459,066</b>          |
| <b>INVESTING ACTIVITIES</b>                                                                       |                         |                         |
| Purchase of property and equipment                                                                | (588,290)               | (164,395)               |
| Proceeds from disposal of property and equipment                                                  | 150,000                 | -                       |
| <b>Net cash used in investing activities</b>                                                      | <b>(438,290)</b>        | <b>(164,395)</b>        |
| <b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>                                                    | <b>1,374,589</b>        | <b>294,671</b>          |
| Cash and cash equivalents at the beginning of the period                                          | 3,935,529               | 2,716,710               |
| <b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>                                         | <b>5,310,118</b>        | <b>3,011,381</b>        |
| <b>Non - cash transactions:</b>                                                                   |                         |                         |
| Transfer of investments held at fair value through income statement from shareholders' operations | 26,734,062              | -                       |

The accompanying notes 1 to 13 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 2011

|                                                                                               | 30 September 2011<br>SR | 30 September 2010<br>SR |
|-----------------------------------------------------------------------------------------------|-------------------------|-------------------------|
| <b>OPERATING ACTIVITIES</b>                                                                   |                         |                         |
| Net loss for the period                                                                       | (21,903,287)            | (6,002,360)             |
| Adjustments for:                                                                              |                         |                         |
| Realized gains on investments held at fair value through income statement                     | (830,874)               | (781,267)               |
| Unrealized gains on investments held at fair value through income statement                   | (2,032,186)             | (2,629,223)             |
| Operating deficit before changes in operating assets and liabilities:                         | (24,766,347)            | (9,412,850)             |
| <b>Changes in operating assets and liabilities:</b>                                           |                         |                         |
| Due to reinsurance operations                                                                 | 2,904,815               | 11,762,732              |
| Other assets                                                                                  | (940,510)               | (257,266)               |
| Other liabilities                                                                             | 940,510                 | 257,266                 |
| Zakat and income tax paid                                                                     | (16,313,938)            | (24,116,243)            |
| <b>Net cash used in operating activities</b>                                                  | <b>(38,175,470)</b>     | <b>(21,766,361)</b>     |
| <b>INVESTING ACTIVITIES</b>                                                                   |                         |                         |
| Proceeds from investments held at fair value through income statement                         | 145,841,640             | 694,003,090             |
| Accrued special commission income from time deposits                                          | 1,806,656               | 2,353,510               |
| Accrued special commission income from bonds                                                  | (1,254,668)             | (3,035,803)             |
| Investments held at fair value through income statement                                       | (257,179,893)           | (515,310,001)           |
| Time deposits, net                                                                            | 148,128,316             | (60,666,348)            |
| Held to maturity investments                                                                  | 316,756                 | (95,474,296)            |
| <b>Net cash from investing activities</b>                                                     | <b>37,658,807</b>       | <b>21,870,152</b>       |
| <b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>                                                | <b>(516,663)</b>        | <b>103,791</b>          |
| Cash and cash equivalents at the beginning of the period                                      | 1,168,051               | 1,945,304               |
| <b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>                                     | <b>651,388</b>          | <b>2,049,095</b>        |
| <b>Non - cash transactions:</b>                                                               |                         |                         |
| Transfer of investments held at fair value through income statement to reinsurance operations | 26,734,062              | -                       |

The accompanying notes 1 to 13 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) (continued)**

**For The Three And Nine Month Periods Ended 30 September 2011**

#### **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, Arch 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 2011 have been prepared in accordance with 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 2010.

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 policies used in the preparation of these interim condensed financial statements are consistent with those used in the preparation of the annual consolidated financial statements as of and for the year ended December 31, 2010, except for the adoption of amendments and revisions to existing standards as mentioned below which had no significant financial impact on the interim condensed financial statements of the Company.

- a) IAS 24 Related Party Disclosures:  
The revised IAS 24 Related Party Disclosures amends the definition of a related party and modifies certain related party disclosure requirements for government-related entities.
- b) IFRS 7 Financial Instruments: Disclosures:  
The amendments add an explicit statement that qualitative disclosure should be made in the context of the quantitative disclosures to better enable users to evaluate an entity's exposure to risks arising from financial instruments. In addition, the IASB amended and removed existing disclosure requirements.
- c) IAS 1 Presentation of Financial Statements:  
IAS 1 is amended to clarify that disaggregation of changes in each component of equity arising from transactions recognized in other comprehensive income also is required to be presented, but is permitted to be presented either in the statement of changes in shareholders' equity or in the notes.
- d) IAS 34 Interim Financial Reporting:  
These amendments emphasize the principle in IAS 34 that the disclosure about significant events and transactions in interim periods should update the relevant information presented in the most recent annual financial statements and clarify how to apply this principle in respect of financial instruments and their fair values. The amendments add examples to the list of events or transactions that require disclosures under IAS 34 and remove references to materiality in IAS 34 that describe other minimum disclosures.

Other amendments resulting in improvements to the following standards also did not have any material impact on the accounting policies, financial position and performance of the Company:

- IFRS 7 – Financial Instruments, Disclosures;
- IAS 1 – Presentation of Financial Statements;
- IAS 32 – Financial Instruments: Presentation.

The new standards, amendments to standards and interpretations to International Financial Reporting Standards which are mandatory for the first time for the financial year beginning 1 January 2011 did not result in material amendments to the presentation and disclosure of the accompanying interim condensed financial statements.

The Company has chosen not to early adopt the amendments and revisions to the International Financial Reporting Standards which have been published and are mandatory for compliance for the Company with effect from future dates.

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

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

For The Three And Nine Month Periods Ended 30 September 2011

#### 4. CASH AND CASH EQUIVALENTS

|               | 30 September 2011<br>(Unaudited) |                                   | 31 December 2010<br>(Audited)   |                                   |
|---------------|----------------------------------|-----------------------------------|---------------------------------|-----------------------------------|
|               | Reinsurance<br>operations<br>SR  | Shareholders'<br>operations<br>SR | Reinsurance<br>operations<br>SR | Shareholders'<br>operations<br>SR |
|               | Cash on hand                     | -                                 | 7,500                           | -                                 |
| Cash at banks | 5,310,118                        | 643,888                           | 3,935,529                       | 1,161,799                         |
|               | <u>5,310,118</u>                 | <u>651,388</u>                    | <u>3,935,529</u>                | <u>1,168,051</u>                  |

The cash at banks and time deposits are placed with counterparties that have a good credit rating.

The carrying amounts disclosed above reasonably approximate the fair value at the interim statement of financial position date.

#### 5. TIME DEPOSITS

The time deposits represent deposits with banks with maturity period of more than three months from the date of original acquisition. Such deposits earn special commission at a rate of 2.61% per annum (31 December 2010: 3.91% per annum).

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

The carrying amounts of the time deposits reasonably approximate the fair value at the interim statement of financial position date.

#### 6. STATUTORY DEPOSIT

The Company has deposited an amount of 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. This statutory deposit cannot be withdrawn without the consent of the Saudi Arabian Monetary Agency.

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

Investments held at fair value through income statement represent units in investment funds at local banks.

The movements of investments held at fair value through income statement is as follows:

|                                                                     | For the nine month<br>period ended<br>30 September 2011<br>(Unaudited)<br>SR |                             | For the year ended<br>31 December 2010<br>(Audited)<br>SR |                             |
|---------------------------------------------------------------------|------------------------------------------------------------------------------|-----------------------------|-----------------------------------------------------------|-----------------------------|
|                                                                     | Reinsurance<br>operations                                                    | Shareholders'<br>operations | Reinsurance<br>operations                                 | Shareholders'<br>operations |
|                                                                     | Opening balance                                                              | -                           | 307,400,220                                               | -                           |
| Subscriptions                                                       | -                                                                            | 257,179,893                 | -                                                         | 523,200,000                 |
| Disposals                                                           | -                                                                            | (145,841,640)               | -                                                         | (794,003,090)               |
| Transfer from shareholders' operations<br>to reinsurance operations | 26,734,062                                                                   | (26,734,062)                | -                                                         | -                           |
| Unrealized gains                                                    | 216,123                                                                      | 2,032,186                   | -                                                         | 2,915,876                   |
| Realized gains                                                      | -                                                                            | 830,874                     | -                                                         | 1,654,717                   |
| <b>Ending balance</b>                                               | <u>26,950,185</u>                                                            | <u>394,867,471</u>          | <u>-</u>                                                  | <u>307,400,220</u>          |

The resulting effect of disposal of units in investment funds during the three and nine month periods ended 30 September 2011 and 2010 on the realized gains in the interim statement of shareholders' operations is as follows:

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

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

For The Three And Nine Month Periods Ended 30 September 2011

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

|                                                                                                                                                               | For the three month<br>period ended<br>30 September<br>SR |                | For the nine month<br>period ended<br>30 September<br>SR |                |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------|----------------|----------------------------------------------------------|----------------|
|                                                                                                                                                               | 2011                                                      | 2010           | 2011                                                     | 2010           |
|                                                                                                                                                               | (Unaudited)                                               |                | (Unaudited)                                              |                |
| Proceeds from disposal of units                                                                                                                               | 121,350,493                                               | 58,003,089     | 145,841,640                                              | 694,003,090    |
| Less: Historical cost of disposed units                                                                                                                       | (119,269,011)                                             | (57,456,070)   | (143,445,975)                                            | (687,352,743)  |
|                                                                                                                                                               | 2,081,482                                                 | 547,019        | 2,395,665                                                | 6,650,347      |
| Less: Accumulated unrealized gains for<br>disposed units which were recognized in<br>previous periods in the interim statement<br>of shareholders' operations | (1,320,788)                                               | (365,382)      | (1,564,791)                                              | (5,869,080)    |
| <b>Realized gains from disposed units for the<br/>period</b>                                                                                                  | <b>760,694</b>                                            | <b>181,637</b> | <b>830,874</b>                                           | <b>781,267</b> |

#### 8. HELD TO MATURITY INVESTMENTS

The held to maturity investments represent debt instruments with a 4 to 10 year time horizon yielding an average special commission of 4.33% per annum (31 December 2010: 4.35% per annum).

#### 9. 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  | Amount of transactions<br>for the nine month period ended |                                        | Balance as at<br>30 September 2011<br>(Unaudited)<br>SR | Balance as at<br>31 December 2010<br>(Audited)<br>SR |
|-----------------------------|-------------------------|-----------------------------------------------------------|----------------------------------------|---------------------------------------------------------|------------------------------------------------------|
|                             |                         | 30 September 2011<br>(Unaudited)<br>SR                    | 30 September 2010<br>(Unaudited)<br>SR |                                                         |                                                      |
| Board of directors          | Consulting fees         | 177,989                                                   | 1,073,981                              | -                                                       | -                                                    |
|                             | Remunerations           | -                                                         | 675,000                                | 257,130                                                 | 257,130                                              |
|                             | Expenses                | 273,091                                                   | 359,762                                | 151,750                                                 | 132,000                                              |
| Key management<br>personnel | Short term benefits     | 10,658,739                                                | 7,030,511                              | 1,793,250                                               | 4,500,000                                            |
|                             | End of service benefits | 228,125                                                   | 188,009                                | 305,128                                                 | 647,609                                              |

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

#### 10. SEGMENTAL INFORMATION

Consistent with the Company's internal reporting process, business and geographical segments have been approved by Management in respect of the Company's activities, assets and liabilities as stated below.

Segment results do not include unrealized gains on investments held at fair value through income statement, general and administrative expenses, and board of directors' remunerations and expenses.

Segment assets do not include cash and cash equivalents 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 accrued expenses and other liabilities and employees' end of service benefits.

**Saudi Reinsurance Company (A Saudi Joint Stock Company)**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued)**  
For The Three And Nine Month Periods Ended 30 September 2011

10.1 Business segments

For the three month period ended  
30 September 2011 (Unaudited)

|                                    | Engineering<br>SR | Fire<br>SR          | Marine<br>SR     | Motor<br>SR      | Life<br>SR     | Health<br>SR     | Others<br>SR     | Total<br>SR        |
|------------------------------------|-------------------|---------------------|------------------|------------------|----------------|------------------|------------------|--------------------|
| Reinsurance operations' results    |                   |                     |                  |                  |                |                  |                  |                    |
| Gross premiums written             | 14,816,416        | 23,599,110          | 8,192,018        | 1,804,476        | 708,629        | 1,725,108        | 4,436,763        | 55,282,520         |
| Retroceded premiums                | (2,167,709)       | (3,128,942)         | (341,531)        | -                | (924)          | -                | (315,608)        | (5,954,714)        |
| Excess of loss expenses            | (1,511,767)       | (2,495,990)         | (952,558)        | (37,815)         | -              | -                | (457,865)        | (5,365,995)        |
| <b>Net premiums written</b>        | <b>11,136,940</b> | <b>18,064,178</b>   | <b>6,897,929</b> | <b>1,766,661</b> | <b>707,705</b> | <b>1,725,108</b> | <b>3,663,290</b> | <b>43,961,811</b>  |
| Change in net unearned premiums    | (8,844,621)       | (11,820,294)        | (4,688,373)      | 670,131          | 2,544          | (1,291,474)      | (2,478,030)      | (28,430,117)       |
| <b>Net premiums earned</b>         | <b>2,292,319</b>  | <b>6,243,884</b>    | <b>2,229,556</b> | <b>2,436,792</b> | <b>710,249</b> | <b>433,634</b>   | <b>1,185,260</b> | <b>15,531,694</b>  |
| Net claims paid                    | (83,655)          | (1,382,692)         | (435,706)        | (3,229,090)      | -              | -                | (36,752)         | (5,167,895)        |
| Change in net outstanding claims   | (1,079,108)       | (12,893,030)        | (768,678)        | 1,555,393        | (92,820)       | -                | (417,770)        | (13,696,013)       |
| Gross acquisition costs            | (2,343,001)       | (4,421,678)         | (1,667,574)      | (464,324)        | -              | -                | (566,650)        | (9,463,227)        |
| Commissions on retroceded business | 1,491,197         | 2,424,107           | 707,594          | -                | 122            | -                | 265,513          | 4,888,533          |
| Supervision and inspection fees    | (74,082)          | (117,995)           | (40,960)         | (9,022)          | (3,544)        | (8,626)          | (22,184)         | (276,413)          |
| <b>Net underwriting results</b>    | <b>203,670</b>    | <b>(10,147,404)</b> | <b>24,232</b>    | <b>289,749</b>   | <b>614,007</b> | <b>425,008</b>   | <b>407,417</b>   | <b>(8,183,321)</b> |
| Other items:                       |                   |                     |                  |                  |                |                  |                  |                    |
| Depreciation                       | 47,338            | 73,449              | 25,579           | 2,534            | 2,358          | 7,459            | 15,403           | 174,120            |

**Saudi Reinsurance Company (A Saudi Joint Stock Company)**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued)**  
For The Three And Nine Month Periods Ended 30 September 2011

10. SEGMENTAL INFORMATION (continued)  
10.1 Business segments (continued)

|                                                                   | Engineering<br>SR | Fire<br>SR  | Marine<br>SR | Motor<br>SR | Life<br>SR | Health<br>SR | Others<br>SR | Total<br>SR  |
|-------------------------------------------------------------------|-------------------|-------------|--------------|-------------|------------|--------------|--------------|--------------|
| For the three month period ended<br>30 September 2010 (Unaudited) |                   |             |              |             |            |              |              |              |
| <b>Reinsurance operations' results</b>                            |                   |             |              |             |            |              |              |              |
| Gross premiums written                                            | 9,993,071         | 13,244,113  | 4,923,984    | 985,708     | -          | -            | 2,322,802    | 31,469,678   |
| Retroceded premiums                                               | (6,024,169)       | (7,923,717) | (2,496,182)  | -           | -          | -            | (844,972)    | (17,289,040) |
| Excess of loss expenses                                           | (140,157)         | (252,430)   | (59,634)     | (27,688)    | -          | -            | 26,567       | (453,342)    |
| <b>Net premiums written</b>                                       | 3,828,745         | 5,067,966   | 2,368,168    | 958,020     | -          | -            | 1,504,397    | 13,727,296   |
| Change in net unearned premiums                                   | (2,763,154)       | (2,302,156) | (1,395,070)  | 632,618     | -          | -            | (884,493)    | (6,712,255)  |
| <b>Net premiums earned</b>                                        | 1,065,591         | 2,765,810   | 973,098      | 1,590,638   | -          | -            | 619,904      | 7,015,041    |
| Net claims paid                                                   | (62,588)          | (2,463,626) | (52,822)     | (653,363)   | -          | -            | (48,744)     | (3,281,143)  |
| Change in net outstanding claims                                  | (551,218)         | 1,564,930   | (120,753)    | (179,858)   | -          | -            | 8,743        | 721,844      |
| Gross acquisition costs                                           | (1,145,738)       | (2,606,891) | (932,595)    | (265,191)   | -          | -            | (260,942)    | (5,211,057)  |
| Commissions on retroceded business                                | 966,649           | 2,136,721   | 685,133      | 4,438       | -          | -            | 195,443      | 3,988,384    |
| Supervision and inspection fees                                   | (38,010)          | (48,346)    | (19,923)     | (4,531)     | -          | -            | (7,163)      | (117,973)    |
| <b>Net underwriting results</b>                                   | 234,686           | 1,348,598   | 532,138      | 492,133     | -          | -            | 507,541      | 3,115,096    |
| <b>Other items:</b>                                               |                   |             |              |             |            |              |              |              |
| Depreciation                                                      | 82,481            | 109,513     | 40,579       | 8,307       | -          | -            | 19,167       | 260,047      |

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

For The Three And Nine Month Periods Ended 30 September 2011

10. SEGMENTAL INFORMATION (continued)

10.1 Business segments (continued)

For the nine month period ended  
 30 September 2011 (Unaudited)

|                                        | Engineering<br>SR | Fire<br>SR   | Marine<br>SR | Motor<br>SR | Life<br>SR | Health<br>SR | Others<br>SR | Total<br>SR  |
|----------------------------------------|-------------------|--------------|--------------|-------------|------------|--------------|--------------|--------------|
| <b>Reinsurance operations' results</b> |                   |              |              |             |            |              |              |              |
| Gross premiums written                 | 40,245,581        | 67,067,600   | 23,155,648   | 9,814,728   | 1,781,726  | 1,725,108    | 10,186,075   | 153,976,466  |
| Retroceded premiums                    | (17,170,200)      | (29,085,043) | (8,101,674)  | (141)       | (31,918)   | -            | (2,835,902)  | (57,224,878) |
| Excess of loss expenses                | (1,948,729)       | (3,023,297)  | (1,094,489)  | (144,606)   | -          | -            | (728,702)    | (6,939,823)  |
| <b>Net premiums written</b>            | 21,126,652        | 34,959,260   | 13,959,485   | 9,669,981   | 1,749,808  | 1,725,108    | 6,621,471    | 89,811,765   |
| Change in net unearned premiums        | (14,808,560)      | (20,057,476) | (7,344,977)  | (2,151,842) | (449,313)  | (1,291,474)  | (3,891,149)  | (49,994,791) |
| <b>Net premiums earned</b>             | 6,318,092         | 14,901,784   | 6,614,508    | 7,518,139   | 1,300,495  | 433,634      | 2,730,322    | 39,816,974   |
| Net claims paid                        | (458,545)         | (5,184,158)  | (880,607)    | (6,304,283) | (119,865)  | -            | (77,369)     | (13,024,827) |
| Change in net outstanding claims       | (2,386,498)       | (18,684,581) | (2,657,627)  | (2,787,481) | (132,112)  | -            | (863,301)    | (27,511,600) |
| Gross acquisition costs                | (6,039,925)       | (11,033,967) | (5,170,426)  | (1,500,007) | (29)       | -            | (1,638,302)  | (25,382,656) |
| Commissions on retroceded business     | 4,244,276         | 7,098,673    | 2,904,103    | (1,154)     | 1,101      | -            | 932,523      | 15,179,522   |
| Supervision and inspection fees        | (251,203)         | (407,814)    | (136,673)    | (53,702)    | (8,909)    | (8,626)      | (57,558)     | (924,485)    |
| <b>Net underwriting results</b>        | 1,426,197         | (13,310,063) | 673,278      | (3,128,488) | 1,040,681  | 425,008      | 1,026,315    | (11,847,072) |
| <b>Other items:</b>                    |                   |              |              |             |            |              |              |              |
| Depreciation                           | 174,002           | 289,968      | 100,114      | 42,434      | 7,703      | 7,459        | 44,040       | 665,720      |



**Saudi Reinsurance Company (A Saudi Joint Stock Company)**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued)**  
**For The Three And Nine Month Periods Ended 30 September 2011**

10. **SEGMENTAL INFORMATION (continued)**

10.1 **Business segments (continued)**

|                                                                      | Engineering<br>SR | Fire<br>SR         | Marine<br>SR     | Motor<br>SR      | Life<br>SR | Health<br>SR | Others<br>SR     | Total<br>SR        |
|----------------------------------------------------------------------|-------------------|--------------------|------------------|------------------|------------|--------------|------------------|--------------------|
| <b>For the nine month period ended 30 September 2010 (Unaudited)</b> |                   |                    |                  |                  |            |              |                  |                    |
| <b>Reinsurance operations' results</b>                               |                   |                    |                  |                  |            |              |                  |                    |
| Gross premiums written                                               | 27,410,849        | 40,811,874         | 12,096,371       | 6,573,038        | -          | -            | 6,243,144        | 93,135,276         |
| Retroceded premiums                                                  | (19,352,520)      | (28,253,941)       | (7,500,759)      | (117,399)        | -          | -            | (3,473,119)      | (58,697,738)       |
| Excess of loss expenses                                              | (329,671)         | (490,845)          | (145,483)        | (79,054)         | -          | -            | (75,087)         | (1,120,140)        |
| <b>Net premiums written</b>                                          | <b>7,728,658</b>  | <b>12,067,088</b>  | <b>4,450,129</b> | <b>6,376,585</b> | <b>-</b>   | <b>-</b>     | <b>2,694,938</b> | <b>33,317,398</b>  |
| Change in net unearned premiums                                      | (5,231,996)       | (5,019,744)        | (2,152,005)      | (2,102,451)      | -          | -            | (1,422,085)      | (15,928,281)       |
| <b>Net premiums earned</b>                                           | <b>2,496,662</b>  | <b>7,047,344</b>   | <b>2,298,124</b> | <b>4,274,134</b> | <b>-</b>   | <b>-</b>     | <b>1,272,853</b> | <b>17,389,117</b>  |
| Net claims paid                                                      | (106,355)         | (3,403,497)        | (207,442)        | (1,512,902)      | -          | -            | (95,216)         | (5,325,412)        |
| Change in net outstanding claims                                     | (1,341,115)       | (8,226,610)        | (516,048)        | (677,051)        | -          | -            | (421,943)        | (11,182,767)       |
| Gross acquisition costs                                              | (2,898,495)       | (6,825,310)        | (2,408,131)      | (789,315)        | -          | -            | (830,570)        | (13,721,821)       |
| Commissions on retroceded business                                   | 2,481,232         | 5,779,668          | 1,863,183        | 13,171           | -          | -            | 845,576          | 10,782,830         |
| Supervision and inspection fees                                      | (106,745)         | (158,114)          | (45,479)         | (29,167)         | -          | -            | (22,691)         | (362,196)          |
| <b>Net underwriting results</b>                                      | <b>555,184</b>    | <b>(5,786,519)</b> | <b>984,207</b>   | <b>1,278,870</b> | <b>-</b>   | <b>-</b>     | <b>548,009</b>   | <b>(2,420,249)</b> |
| <b>Other items:</b>                                                  |                   |                    |                  |                  |            |              |                  |                    |
| Depreciation                                                         | 224,125           | 333,698            | 98,906           | 53,744           | -          | -            | 51,048           | 761,521            |

|                                            | Engineering<br>SR | Fire<br>SR  | Marine<br>SR | Motor<br>SR | Life<br>SR | Health<br>SR | Others<br>SR | Total<br>SR |
|--------------------------------------------|-------------------|-------------|--------------|-------------|------------|--------------|--------------|-------------|
| <b>As at 30 September 2011 (Unaudited)</b> |                   |             |              |             |            |              |              |             |
| Segment assets                             | 73,923,537        | 123,190,524 | 42,532,555   | 18,027,803  | 3,272,694  | 3,168,697    | 18,709,896   | 282,825,706 |
| Segment liabilities                        | 81,844,482        | 136,390,452 | 47,089,941   | 19,959,491  | 3,623,365  | 3,508,225    | 20,714,672   | 313,130,628 |

|                                         |            |            |            |            |   |   |           |             |
|-----------------------------------------|------------|------------|------------|------------|---|---|-----------|-------------|
| <b>As at 31 December 2010 (Audited)</b> |            |            |            |            |   |   |           |             |
| Segment assets                          | 37,967,920 | 56,248,306 | 15,160,389 | 11,941,710 | - | - | 7,195,571 | 128,513,896 |
| Segment liabilities                     | 45,227,718 | 67,003,474 | 18,059,188 | 14,225,070 | - | - | 8,571,426 | 153,086,876 |

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

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

For The Three And Nine Month Periods Ended 30 September 2011

10. SEGMENTAL INFORMATION (continued)

10.2 Geographical segments

|                                                                           | Kingdom of<br>Saudi Arabia<br>SR | Other Middle<br>Eastern<br>countries<br>SR | Africa<br>SR   | Total<br>SR        |
|---------------------------------------------------------------------------|----------------------------------|--------------------------------------------|----------------|--------------------|
| <b>For the three month period ended<br/>30 September 2011 (Unaudited)</b> |                                  |                                            |                |                    |
| <b>Reinsurance operations' results</b>                                    |                                  |                                            |                |                    |
| Gross premiums written                                                    | 42,367,760                       | 11,735,378                                 | 1,179,382      | 55,282,520         |
| Retroceded premiums                                                       | (4,287,782)                      | (1,196,961)                                | (469,971)      | (5,954,714)        |
| Excess of loss expenses                                                   | (4,157,736)                      | (1,138,600)                                | (69,659)       | (5,365,995)        |
| <b>Net premiums written</b>                                               | <b>33,922,242</b>                | <b>9,399,817</b>                           | <b>639,752</b> | <b>43,961,811</b>  |
| Change in net unearned premiums                                           | (21,250,181)                     | (6,956,947)                                | (222,989)      | (28,430,117)       |
| <b>Net premiums earned</b>                                                | <b>12,672,061</b>                | <b>2,442,870</b>                           | <b>416,763</b> | <b>15,531,694</b>  |
| Net claims paid                                                           | (4,965,416)                      | (188,866)                                  | (13,613)       | (5,167,895)        |
| Change in net outstanding claims                                          | (3,552,669)                      | (10,231,744)                               | 88,400         | (13,696,013)       |
| Gross acquisition costs                                                   | (7,600,838)                      | (1,607,174)                                | (255,215)      | (9,463,227)        |
| Commissions on retroceded business                                        | 3,885,271                        | 827,984                                    | 175,278        | 4,888,533          |
| Supervision and inspection fees                                           | (211,839)                        | (58,676)                                   | (5,898)        | (276,413)          |
| <b>Net underwriting results</b>                                           | <b>226,570</b>                   | <b>(8,815,606)</b>                         | <b>405,715</b> | <b>(8,183,321)</b> |
| <b>Other items:</b>                                                       |                                  |                                            |                |                    |
| Depreciation                                                              | 128,165                          | 42,810                                     | 3,145          | 174,120            |

|                                                                           | Kingdom of<br>Saudi Arabia<br>SR | Other Middle<br>Eastern<br>countries<br>SR | Africa<br>SR   | Total<br>SR       |
|---------------------------------------------------------------------------|----------------------------------|--------------------------------------------|----------------|-------------------|
| <b>For the three month period ended<br/>30 September 2010 (Unaudited)</b> |                                  |                                            |                |                   |
| <b>Reinsurance operations' results</b>                                    |                                  |                                            |                |                   |
| Gross premiums written                                                    | 23,594,689                       | 7,517,111                                  | 357,878        | 31,469,678        |
| Retroceded premiums                                                       | (12,841,181)                     | (4,160,793)                                | (287,066)      | (17,289,040)      |
| Excess of loss expenses                                                   | (401,137)                        | (86,864)                                   | 34,659         | (453,342)         |
| <b>Net premiums written</b>                                               | <b>10,352,371</b>                | <b>3,269,454</b>                           | <b>105,471</b> | <b>13,727,296</b> |
| Change in net unearned premiums                                           | (4,873,541)                      | (1,917,902)                                | 79,188         | (6,712,255)       |
| <b>Net premiums earned</b>                                                | <b>5,478,830</b>                 | <b>1,351,552</b>                           | <b>184,659</b> | <b>7,015,041</b>  |
| Net claims paid                                                           | (3,240,125)                      | (31,417)                                   | (9,601)        | (3,281,143)       |
| Change in net outstanding claims                                          | 1,000,178                        | (519,849)                                  | 241,515        | 721,844           |
| Gross acquisition costs                                                   | (4,226,902)                      | (856,584)                                  | (127,571)      | (5,211,057)       |
| Commissions on retroceded business                                        | 3,190,461                        | 687,932                                    | 109,991        | 3,988,384         |
| Supervision and inspection fees                                           | (117,973)                        | -                                          | -              | (117,973)         |
| <b>Net underwriting results</b>                                           | <b>2,084,469</b>                 | <b>631,634</b>                             | <b>398,993</b> | <b>3,115,096</b>  |
| <b>Other items:</b>                                                       |                                  |                                            |                |                   |
| Depreciation                                                              | 195,083                          | 61,953                                     | 3,011          | 260,047           |

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

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

For The Three And Nine Month Periods Ended 30 September 2011

10. SEGMENTAL INFORMATION (continued)

10.2 Geographical segments (continued)

|                                                                          | Kingdom of<br>Saudi Arabia<br>SR | Other Middle<br>Eastern<br>countries<br>SR | Africa<br>SR     | Total<br>SR         |
|--------------------------------------------------------------------------|----------------------------------|--------------------------------------------|------------------|---------------------|
| <b>For the nine month period ended<br/>30 September 2011 (Unaudited)</b> |                                  |                                            |                  |                     |
| <b>Reinsurance operations' results</b>                                   |                                  |                                            |                  |                     |
| Gross premiums written                                                   | 126,033,253                      | 23,792,852                                 | 4,150,361        | 153,976,466         |
| Retroceded premiums                                                      | (46,318,357)                     | (8,685,038)                                | (2,221,483)      | (57,224,878)        |
| Excess of loss expenses                                                  | (5,432,571)                      | (1,342,259)                                | (164,993)        | (6,939,823)         |
| <b>Net premiums written</b>                                              | <b>74,282,325</b>                | <b>13,765,555</b>                          | <b>1,763,885</b> | <b>89,811,765</b>   |
| Change in net unearned premiums                                          | (41,009,907)                     | (8,213,017)                                | (771,867)        | (49,994,791)        |
| <b>Net premiums earned</b>                                               | <b>33,272,418</b>                | <b>5,552,538</b>                           | <b>992,018</b>   | <b>39,816,974</b>   |
| Net claims paid                                                          | (12,498,770)                     | (499,023)                                  | (27,034)         | (13,024,827)        |
| Change in net outstanding claims                                         | (16,186,875)                     | (11,168,975)                               | (155,750)        | (27,511,600)        |
| Gross acquisition costs                                                  | (20,884,361)                     | (3,820,932)                                | (677,363)        | (25,382,656)        |
| Commissions on retroceded business                                       | 12,372,995                       | 2,332,683                                  | 473,844          | 15,179,522          |
| Supervision and inspection fees                                          | (630,166)                        | (240,025)                                  | (54,294)         | (924,485)           |
| <b>Net underwriting results</b>                                          | <b>(4,554,759)</b>               | <b>(7,843,734)</b>                         | <b>551,421</b>   | <b>(11,847,072)</b> |
| <b>Other items:</b>                                                      |                                  |                                            |                  |                     |
| Depreciation                                                             | 544,907                          | 102,869                                    | 17,944           | 665,720             |

|                                                                          | Kingdom of<br>Saudi Arabia<br>SR | Other Middle<br>Eastern<br>countries<br>SR | Africa<br>SR       | Total<br>SR        |
|--------------------------------------------------------------------------|----------------------------------|--------------------------------------------|--------------------|--------------------|
| <b>For the nine month period ended<br/>30 September 2010 (Unaudited)</b> |                                  |                                            |                    |                    |
| <b>Reinsurance operations' results</b>                                   |                                  |                                            |                    |                    |
| Gross premiums written                                                   | 72,333,185                       | 18,560,639                                 | 2,241,452          | 93,135,276         |
| Retroceded premiums                                                      | (45,475,277)                     | (11,556,373)                               | (1,666,088)        | (58,697,738)       |
| Excess of loss expenses                                                  | (869,953)                        | (223,229)                                  | (26,958)           | (1,120,140)        |
| <b>Net premiums written</b>                                              | <b>25,987,955</b>                | <b>6,781,037</b>                           | <b>548,406</b>     | <b>33,317,398</b>  |
| Change in net unearned premiums                                          | (12,198,652)                     | (3,721,214)                                | (8,415)            | (15,928,281)       |
| <b>Net premiums earned</b>                                               | <b>13,789,303</b>                | <b>3,059,823</b>                           | <b>539,991</b>     | <b>17,389,117</b>  |
| Net claims paid                                                          | (5,277,904)                      | (32,063)                                   | (15,445)           | (5,325,412)        |
| Change in net outstanding claims                                         | (6,781,520)                      | (1,639,580)                                | (2,761,667)        | (11,182,767)       |
| Gross acquisition costs                                                  | (11,058,560)                     | (2,042,862)                                | (620,399)          | (13,721,821)       |
| Commissions on retroceded business                                       | 8,587,302                        | 1,693,071                                  | 502,457            | 10,782,830         |
| Supervision and inspection fees                                          | (362,196)                        | -                                          | -                  | (362,196)          |
| <b>Net underwriting results</b>                                          | <b>(1,103,575)</b>               | <b>1,038,389</b>                           | <b>(2,355,063)</b> | <b>(2,420,249)</b> |
| <b>Other items:</b>                                                      |                                  |                                            |                    |                    |
| Depreciation                                                             | 591,432                          | 151,761                                    | 18,328             | 761,521            |

|                                            | Kingdom of<br>Saudi Arabia<br>SR | Other Middle<br>Eastern<br>countries<br>SR | Africa<br>SR | Total<br>SR |
|--------------------------------------------|----------------------------------|--------------------------------------------|--------------|-------------|
| <b>As at 30 September 2011 (Unaudited)</b> |                                  |                                            |              |             |
| <b>Reinsurance operations</b>              |                                  |                                            |              |             |
| Segment assets                             | 231,499,300                      | 43,702,979                                 | 7,623,427    | 282,825,706 |
| Segment liabilities                        | 256,304,570                      | 48,385,776                                 | 8,440,282    | 313,130,628 |
| <b>As at 31 December 2010 (Audited)</b>    |                                  |                                            |              |             |
| <b>Reinsurance operations</b>              |                                  |                                            |              |             |
| Segment assets                             | 102,470,344                      | 22,337,092                                 | 3,706,460    | 128,513,896 |
| Segment liabilities                        | 122,063,569                      | 26,608,139                                 | 4,415,168    | 153,086,876 |

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

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

For The Three And Nine Month Periods Ended 30 September 2011

#### **11. BASIC AND DILUTED (LOSS) / EARNINGS PER SHARE**

(Loss) / earnings per share for the three and nine month periods ended 30 September 2011 and 2010 has been calculated by dividing net (loss) / income for the period by the weighted average number of ordinary issued and outstanding shares at the end of the period.

#### **12. COMPARATIVE FIGURES**

Certain figures for the period have been reclassified to conform to the presentation of the current period.

#### **13. APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS**

These interim condensed financial statements have been approved by the Board of Directors on 19 Zul-Qaidah 1432 H corresponding to 17 October 2011.