
SAUDI REINSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

**INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
AND INDEPENDENT AUDITORS' LIMITED REVIEW REPORT
FOR THE THREE MONTH PERIOD AND YEAR ENDED 31 DECEMBER 2013**

Saudi Reinsurance Company (A Saudi Joint Stock Company)

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

For The Three Month Period And Year Ended 31 December 2013

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Al Bassam

Certified Public Accountants & Consultants

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

SCOPE OF REVIEW:

We have reviewed the accompanying interim statement of financial position of Saudi Reinsurance Company (A Saudi Joint Stock Company) (the "Company") as at 31 December 2013 and the related interim statements of reinsurance operations and accumulated surplus, shareholders' operations and shareholders' comprehensive operations for the three month period and the year ended and the interim statements of changes in shareholders' equity, reinsurance operations' cash flows and shareholders' cash flows for the year 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

Ibrahim A. Al Bassam
Certified Public Accountant
Registration No. 337

17 Rabi Awal 1435H
(18 January 2014)



Saudi Reinsurance Company (A Saudi Joint Stock Company)

INTERIM STATEMENT OF FINANCIAL POSITION

As at 31 December 2013

	Notes	31 December 2013 (Unaudited) SR	31 December 2012 (Audited) SR
REINSURANCE OPERATIONS' ASSETS			
Cash and bank balances	5	5,268,638	582,850
Premium receivables, net	6	70,492,623	27,607,624
Investments held at fair value through income statement	9	95,329,159	83,244,130
Accrued insurance premiums		164,869,180	91,900,865
Retroceded share of unearned premiums		2,344,148	5,755,601
Retroceded share of outstanding claims		104,888,575	42,123,104
Deferred acquisition costs		54,445,929	32,506,462
Deferred excess of loss premiums		15,716,951	11,592,791
Prepaid expenses and other assets		1,069,002	967,944
Due from shareholders' operations		173,315,949	6,385,126
Property and equipment, net		7,337,119	5,303,065
TOTAL REINSURANCE OPERATIONS' ASSETS		695,077,273	307,969,562
SHAREHOLDERS' ASSETS			
Cash and bank balances	5	85,673,516	615,353
Time deposits	7	37,500,000	187,500,000
Accrued special commission income from time deposits		1,040,241	477,740
Accrued special commission income from bonds and sukuk		3,295,158	3,279,972
Investments held at fair value through income statement	9	595,179,554	445,743,014
Held to maturity investments	10	173,995,409	209,047,506
Prepaid expenses and other assets		5,738,119	4,282,585
Statutory deposit	8	100,000,000	100,000,000
Property and equipment		32,991,742	29,784,000
TOTAL SHAREHOLDERS' ASSETS		1,035,413,739	980,730,170
TOTAL ASSETS		1,730,491,012	1,288,699,732
REINSURANCE OPERATIONS' LIABILITIES AND SURPLUS			
Accounts payable		8,143,048	4,768,189
Retrocession balances payable		7,615,523	3,265,617
Accrued retroceded premiums		4,463,127	4,243,430
Gross unearned premiums	4	215,025,067	122,378,709
Gross outstanding claims	4	424,276,504	159,413,407
Premium deficiency reserve	4	26,167,000	-
Unearned commission income		810,894	1,580,555
Accrued expenses and other liabilities		5,923,389	10,025,363
Employees' end of service benefits		1,720,644	1,362,215
TOTAL REINSURANCE OPERATIONS' LIABILITIES		694,145,196	307,037,485
REINSURANCE OPERATIONS' SURPLUS		932,077	932,077
TOTAL REINSURANCE OPERATIONS' LIABILITIES AND SURPLUS		695,077,273	307,969,562
SHAREHOLDERS' LIABILITIES AND EQUITY			
SHAREHOLDERS' LIABILITIES			
Accounts payable		500,000	1,000,000
Provision for zakat and income tax		33,184,598	30,086,812
Due to reinsurance operations		173,315,949	6,385,126
Accrued expenses and other liabilities		6,641,169	4,282,585
TOTAL SHAREHOLDERS' LIABILITIES		213,641,716	41,754,523
SHAREHOLDERS' EQUITY			
Share capital		1,000,000,000	1,000,000,000
Statutory reserve		6,070,924	6,070,924
Accumulated deficit		(184,298,901)	(67,095,277)
TOTAL SHAREHOLDERS' EQUITY		821,772,023	938,975,647
TOTAL SHAREHOLDERS' LIABILITIES AND EQUITY		1,035,413,739	980,730,170
TOTAL REINSURANCE OPERATIONS' LIABILITIES AND SURPLUS AND SHAREHOLDERS' LIABILITIES AND EQUITY		1,730,491,012	1,288,699,732

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

For The Three Month Period And Year Ended 31 December 2013

	Notes	For the three month period ended		For the year Ended	
		31 December 2013 (Unaudited) SR	31 December 2012 (Unaudited) SR	31 December 2013 (Unaudited) SR	31 December 2012 (Audited) SR
Gross written premiums		48,170,291	25,204,773	420,086,336	245,031,947
Retroceded premiums		(350,503)	1,254,873	(6,449,199)	(3,318,790)
Excess of loss expenses		(4,918,864)	(5,892,468)	(27,816,762)	(22,427,478)
Net written premiums		42,900,924	20,567,178	385,820,375	219,285,679
Change in net unearned premiums	4	34,543,364	29,986,619	(96,057,808)	(60,108,371)
Net earned premiums		77,444,288	50,553,797	289,762,567	159,177,308
Net claims paid	11	(35,339,334)	(9,766,771)	(98,159,195)	(34,819,246)
Change in net outstanding claims	4	(86,043,649)	(25,339,651)	(202,097,626)	(57,419,180)
Net claims incurred		(121,382,983)	(35,106,422)	(300,256,821)	(92,238,426)
Premium deficiency reserve	4	(26,167,000)	-	(26,167,000)	-
Gross acquisition costs		(27,336,904)	(13,979,263)	(83,330,181)	(49,786,324)
Commissions on retroceded business		763,878	545,785	3,437,425	6,122,890
Supervision and inspection fees		(240,851)	(126,024)	(2,100,432)	(1,225,160)
Net underwriting results		(96,919,572)	1,887,873	(118,654,442)	22,050,288
Realized gains on investments held at fair value through income statement	9	6,720	-	38,659	47,688
Unrealized gains on investments held at fair value through income statement	9	405,385	230,858	657,960	636,578
Other income		-	178,894	102,639	4,160,088
Investment management expenses		(88,660)	(17,300)	(191,040)	(37,497)
General and administrative expenses		(5,824,994)	(5,182,491)	(21,558,264)	(17,536,370)
Net (deficit) surplus from reinsurance operations		(102,421,121)	(2,902,166)	(139,604,488)	9,320,775
Shareholders' appropriation from reinsurance operations' deficit (surplus)		102,421,121	2,611,949	139,604,488	(8,388,698)
Reinsurance operations' surplus after shareholders' appropriation		-	(290,217)	-	932,077
Accumulated surplus at the beginning of the period / year		932,077	1,222,294	932,077	-
Accumulated surplus at the end of the period / year		932,077	932,077	932,077	932,077

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

For The Three Month Period And Year Ended 31 December 2013

	Notes	For the three month period ended		For the year Ended	
		31 December 2013 (Unaudited) SR	31 December 2012 (Unaudited) SR	31 December 2013 (Unaudited) SR	31 December 2012 (Audited) SR
Special commission income from time deposits		236,301	611,301	1,912,501	2,733,346
Special commission income from bonds and sukuk		2,274,178	2,455,334	9,492,217	9,730,937
Dividend Income		-	583,333	-	583,333
Realized gains on investments held at fair value through income statement	9	918,028	1,412,970	1,676,523	2,345,978
Unrealized gains on investments held at fair value through income statement	9	13,448,742	5,113,644	41,700,233	17,264,137
Foreign exchange translation gains		581,175	461,298	1,124,223	102,886
Other Income		-	-	-	2,250,000
Total revenues		17,458,424	10,637,880	55,905,697	35,010,617
General and administrative expenses		(4,628,310)	(2,499,143)	(13,308,766)	(11,278,989)
Investment management expenses		(665,200)	(1,024,572)	(2,311,140)	(1,841,418)
Board of directors' remunerations, meeting fees and expenses		(7,345)	(1,107,165)	(335,465)	(1,327,135)
Shareholders' appropriation from reinsurance operations' (deficit) surplus		(102,421,121)	(2,611,949)	(139,604,488)	8,388,698
Net (loss) income for the period / year		(90,263,552)	3,395,051	(99,654,162)	28,951,773
Basic and diluted (loss) earnings per share for the period / year	14	(0.903)	0.034	(0.997)	0.290
Weighted average number of issued and outstanding shares		100,000,000	100,000,000	100,000,000	100,000,000

The accompanying notes 1 to 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

For The Three Month Period And Year Ended 31 December 2013

	For the three month period ended		For the year ended	
	31 December 2013 (Unaudited) SR	31 December 2012 (Unaudited) SR	31 December 2013 (Unaudited) SR	31 December 2012 (Audited) SR
Net (loss) income for the period / year	(90,263,552)	3,395,051	(99,654,162)	28,951,773
Other comprehensive income: Items not to be reclassified subsequently to the income statement:				
Zakat and income tax	(2,788,724)	(4,457,195)	(17,549,462)	(19,967,599)
Total comprehensive (loss) income for the period / year	(93,052,276)	(1,062,144)	(117,203,624)	8,984,174



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

For Year Ended 31 December 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 year	-	-	27,243,618	-	-	1,708,155	-	-	28,951,773	28,951,773
Other comprehensive income										
Zakat and income tax	-	-	(19,713,367)	-	-	(254,232)	-	-	(19,967,599)	(19,967,599)
Total comprehensive income for the year			7,530,251			1,453,923			8,984,174	8,984,174
Balance as at 31 December 2012	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
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 year	35,578,000	215,991	304,591	(35,578,000)	(215,991)	(304,591)	-	-	-	-
Net loss for the year	-	-	(97,322,255)	-	-	(2,331,907)	-	-	(99,654,162)	(99,654,162)
Other comprehensive income										
Zakat and income tax	-	-	(17,549,462)	-	-	-	-	-	(17,549,462)	(17,549,462)
Total comprehensive loss for the year			(114,871,717)			(2,331,907)			(117,203,624)	(117,203,624)
Balance as at 31 December 2013 (Unaudited)	976,578,000	5,928,731	(182,167,515)	23,422,000	142,193	(2,131,386)	1,000,000,000	6,070,924	(184,298,901)	821,772,023

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

For The Year Ended 31 December 2013

	31 December 2013 SR (Unaudited)	31 December 2012 SR (Audited)
OPERATING ACTIVITIES		
Reinsurance operations' surplus after shareholders' appropriation	-	932,077
Adjustments for:		
Employees' end of service benefits	606,023	634,587
Depreciation	1,220,037	650,650
Realized gains on investments held at fair value through income statement	(38,659)	(47,688)
Unrealized gains on investments held at fair value through income statement	(657,960)	(636,578)
Gains from disposal of property and equipment	-	(16,520)
Shareholders' appropriation from reinsurance operations' (deficit) surplus	(139,604,488)	8,388,698
Operating (loss) profit before changes in operating assets and liabilities	(138,475,047)	9,905,226
Changes in operating assets and liabilities:		
Premiums receivable, net	(42,884,999)	(8,480,772)
Accrued insurance premiums	(72,968,315)	(38,752,847)
Retroceded share of unearned premiums	3,411,453	19,080,757
Retroceded share of outstanding claims	(62,765,471)	44,511,338
Deferred acquisition costs	(21,939,467)	(12,664,391)
Deferred excess of loss premiums	(4,124,160)	(1,276,396)
Prepaid expenses and other assets	(101,058)	(729,784)
Accounts payable	3,374,859	2,282,108
Retrocession balances payable	4,349,906	(18,970,584)
Accrued retroceded premiums	219,697	(9,953,343)
Gross unearned premiums	92,646,358	41,027,614
Gross outstanding claims	264,863,097	12,907,842
Premium deficiency reserves	26,167,000	-
Unearned commission income	(769,661)	(5,345,936)
Accrued expenses and other liabilities	(4,101,974)	1,234,447
Employees' end of service benefits paid	(247,594)	(210,990)
Net cash from operating activities	46,654,624	34,564,289
INVESTING ACTIVITIES		
Purchase of property and equipment	(3,254,091)	(3,709,201)
Additions in investments held at fair value through income statement	(60,268,130)	(71,516,844)
Proceeds from disposal of property plant and equipment	-	105,000
Proceeds from investments held at fair value through income statement	48,879,720	33,601,941
Net cash used in investing activities	(14,642,501)	(41,519,104)
FINANCING ACTIVITY		
Due from shareholders' operations	(27,326,335)	(756,008)
Net cash used in financing activity	(27,326,335)	(756,008)
INCREASE (DECREASE) IN CASH AND BANK BALANCES	4,685,788	(7,710,823)
Cash and bank balances at the beginning of the year	582,850	8,293,673
CASH AND BANK BALANCES AT THE END OF THE YEAR	5,268,638	582,850

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

For The Year Ended 31 December 2013

	31 December 2013 SR (Unaudited)	31 December 2012 SR (Audited)
OPERATING ACTIVITIES		
Net (loss) income for the period	(99,654,162)	28,951,773
Adjustments for:		
Realized gains on investments held at fair value through income statement	(1,676,523)	(2,345,978)
Unrealized gains on investments held at fair value through income statement	(41,700,233)	(17,264,137)
Dividend income	-	(583,333)
Shareholders' appropriation from reinsurance operations' deficit (surplus)	139,604,488	(8,388,698)
Operating (deficit) income before changes in operating assets and liabilities	(3,426,430)	369,627
Changes in operating assets and liabilities:		
Prepaid expenses and other assets	(1,455,534)	(1,245,958)
Accrued expenses and other liabilities	2,358,584	1,245,958
Accounts payable	(500,000)	1,000,000
Zakat and income tax paid	(14,451,676)	(15,044,131)
Net cash used in operating activities	(17,475,056)	(13,674,504)
INVESTING ACTIVITIES		
Purchase of property and equipment	(3,207,742)	(29,784,000)
Proceeds from investments held at fair value through income statement	136,069,250	470,328,552
Accrued special commission income from time deposits	(562,501)	1,422,606
Accrued special commission income from bonds and sukuk	(15,186)	(292,971)
Dividend received	-	583,333
Additions in investments held at fair value through income statement	(242,129,034)	(640,460,749)
Time deposits, net	150,000,000	70,938,845
Held to maturity investments	35,052,097	744,293
Net cash from (used in) investing activities	75,206,884	(126,520,091)
FINANCING ACTIVITY		
Due to reinsurance operations	27,326,335	756,008
Net cash from financing activity	27,326,335	756,008
INCREASE (DECREASE) IN CASH AND BANK BALANCES	85,058,163	(139,438,587)
Cash and bank balances at the beginning of the year	615,353	140,053,940
CASH AND BANK BALANCES AT THE END OF THE YEAR	85,673,516	615,353




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 31 DECEMBER 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, 6th Floor, Bahrain Towers, King Fahd Road, Riyadh, and Kingdom of Saudi Arabia.

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

2. BASIS OF PREPARATION

The interim condensed financial statements for the three month period and year ended 31 December 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.

Saudi Reinsurance Company (A Saudi Joint Stock Company)

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

AT 31 DECEMBER 2013

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

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

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 9.

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. TECHNICAL RESERVES

Based on recommendation from external actuary of the Company and insurance regulator, the management of the Company has changed its basis to determine the technical reserves due to availability of new information and after considering longer historical experience. This resulted in recording of additional reserves for unearned premium, incurred but not reported claims and premium deficiency of SAR25 million, SAR45 million and SAR 26 million respectively.

5. CASH AND BANK BALANCES

	31 December 2013 (Unaudited)		31 December 2012 (Audited)	
	Reinsurance operations SR	Shareholders' operations SR	Reinsurance operations SR	Shareholders' operations SR
Cash on hand	970	-	-	-
Cash at banks	5,267,668	85,673,516	582,850	615,353
	<u>5,268,638</u>	<u>85,673,516</u>	<u>582,850</u>	<u>615,353</u>

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

Saudi Reinsurance Company (A Saudi Joint Stock Company)

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

AT 31 DECEMBER 2013

6. PREMIUMS RECEIVABLE, NET

	31 December 2013 (Unaudited) SR	31 December 2012 (Audited) SR
Gross premium receivables	72,815,780	29,930,781
Allowance for doubtful receivables	<u>(2,323,157)</u>	<u>(2,323,157)</u>
	<u>70,492,623</u>	<u>27,607,624</u>

7. 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).

8. 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.

9. INVESTMENTS HELD AT FAIR VALUE THROUGH INCOME STATEMENT

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

	31 December 2013 (Unaudited)		31 December 2012 (Audited)	
	Reinsurance operations SR	Shareholders' operations SR	Reinsurance operations SR	Shareholders' operations SR
Bond Portfolios	-	156,796,858	-	210,843,604
Equity Portfolios	-	164,109,001	-	135,863,916
Funds	95,329,159	234,236,625	83,244,130	74,035,494
Sukuk	-	40,037,070	-	25,000,000
Total investments	<u>95,329,159</u>	<u>595,179,554</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 (unadjusted) market prices in active markets for identical assets or liabilities.

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

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

Saudi Reinsurance Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued) AT 31 DECEMBER 2013

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

As at 31 December 2013 and 31 December 2012, all financial instruments under reinsurance operations which are measured at fair value are Level 1 instruments. The following table shows an analysis of financial instruments under shareholders' operations measured at fair value by level of the fair value hierarchy:

	31 December 2013 (Unaudited)			
	Level 1 SR	Level 2 SR	Level 3 SR	Total SR
Bond Portfolios	156,796,858	-	-	156,796,858
Equity Portfolios	164,109,001	-	-	164,109,001
Funds	209,236,625	-	25,000,000	234,236,625
Sukuk	-	-	40,037,070	40,037,070
	<u>530,142,484</u>	<u>-</u>	<u>65,037,070</u>	<u>595,179,554</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>

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 31 December 2013 and year ended 31 December 2012.

iv. The movements of investments held at fair value through income statement are as follows:

	For the year ended 31 December 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	60,268,130	242,129,034	71,516,844	640,460,749
Disposals	(48,879,720)	(136,069,250)	(33,601,941)	(470,328,552)
Unrealized gains	657,960	41,700,233	636,578	17,264,137
Realized gains	38,659	1,676,523	47,688	2,345,978
Ending balance	<u>95,329,159</u>	<u>595,179,554</u>	<u>83,244,130</u>	<u>445,743,014</u>

Investments under reinsurance and shareholders' operations include SR 12.3 million and SR 4.2 million respectively as at 31 December 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.

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued) AT 31 DECEMBER 2013

10. 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 4.35% per annum (31 December 2012: 4.37% per annum). The fair value of held to maturity investments amounted to SR 183,878,544 (31 December 2012: SR 209,047,506).

11. NET CLAIMS PAID

	For the three month period ended		For the year ended	
	31 December 2013 (Unaudited) SR	31 December 2012 (Unaudited) SR	31 December 2013 (Unaudited) SR	31 December 2012 (Audited) SR
Gross claims paid	38,086,322	16,367,708	108,321,996	89,496,456
Retroceded share of claims paid	(2,746,988)	(6,600,937)	(10,162,801)	(54,677,210)
Net claims paid	35,339,334	9,766,771	98,159,195	34,819,246

12. 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 year ended		Balance as at	
		31 December 2013 (Unaudited) SR	31 December 2012 (Unaudited) SR	31 December 2013 (Unaudited) SR	31 December 2012 (Audited) SR
Board of directors	Consulting fees	326,829	360,671	-	-
	Remunerations	-	1,020,000	248,129	1,277,130
	Meeting fees and expenses	305,017	159,000	-	188,500
Key management personnel	Short term benefits	6,974,432	8,297,472	2,173,000	2,000,000
	End of service benefits	205,489	250,301	446,650	299,043

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

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AT 31 DECEMBER 2013

13. 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.

13.1 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
For the three month period ended							
31 December 2013 (Unaudited)							
Reinsurance operations' results							
Gross written premiums	5,501,432	19,742,231	(232,293)	1,006,206	22,693,227	(540,511)	48,170,292
Retroceded premiums	(828,389)	(160,518)	(3,678)	-	644,297	(2,215)	(350,503)
Excess of loss expenses	(1,373,565)	(3,075,678)	(239,961)	(130,194)	164,546	(264,013)	(4,918,865)
Net written premiums	3,299,478	16,506,035	(475,932)	876,012	23,502,070	(806,739)	42,900,924
Change in net unearned premiums	(1,942,223)	29,218,596	7,044,385	3,645,163	(9,694,402)	6,271,844	34,543,363
Net earned premiums	1,357,255	45,724,631	6,568,453	4,521,175	13,807,668	5,465,105	77,444,287
Net claims paid	(1,657,629)	(23,972,360)	(1,849,214)	(1,301,930)	(4,116,603)	(2,441,598)	(35,339,334)
Change in net outstanding claims	(21,321,842)	(36,361,413)	(5,643,958)	(84,851)	(6,665,603)	(15,965,981)	(86,043,648)
Net claims incurred	(22,979,471)	(60,333,773)	(7,493,172)	(1,386,781)	(10,782,206)	(18,407,579)	(121,382,982)
Premium deficiency reserve	-	(22,775,640)	-	(3,391,360)	-	-	(26,167,000)
Gross acquisition costs	(5,394,771)	(13,774,405)	(3,003,626)	(2,897,531)	(730,277)	(1,536,294)	(27,336,904)
Commissions on retroceded business	590,379	42,935	81,191	-	(22,458)	71,831	763,878
Supervision and inspection fees	(27,507)	(98,712)	1,162	(5,031)	(113,467)	2,704	(240,851)
Net underwriting results	(26,454,115)	(51,214,964)	(3,845,992)	(3,159,528)	2,159,260	(14,404,233)	(96,919,572)

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued)
AT 31 DECEMBER 2013

13. SEGMENTAL INFORMATION (continued)

13.1 Business segments (continued)

	Engineering SR	Fire SR	Marine SR	Motor SR	Life SR	Others SR	Total SR
For the three month period ended							
31 December 2012 (Unaudited)							
Reinsurance operations' results							
Gross written premiums	3,734,982	10,227,696	1,738,281	734,286	7,271,073	1,498,455	25,204,773
Retroceded premiums	(33,541)	851,710	289,231	-	-	147,473	1,254,873
Excess of loss expenses	(1,178,133)	(3,550,563)	(765,540)	(46,630)	-	(351,602)	(5,892,468)
Net written premiums	2,523,308	7,528,843	1,261,972	687,656	7,271,073	1,294,326	20,567,178
Change in net unearned premiums	6,293,246	11,667,802	5,425,661	2,609,316	(4,077,031)	8,067,625	29,986,619
Net earned premiums	8,816,554	19,196,645	6,687,633	3,296,972	3,194,042	9,361,951	50,553,797
Net claims paid	(603,429)	(6,799,396)	(1,109,232)	(860,951)	(326,596)	(67,167)	(9,766,771)
Change in net outstanding claims	(712,843)	(17,467,774)	4,371,288	(463,223)	(151,838)	(10,915,261)	(25,339,651)
Net claims incurred	(1,316,272)	(24,267,170)	3,262,056	(1,324,174)	(478,434)	(10,982,428)	(35,106,422)
Gross acquisition costs	(3,373,377)	(6,120,193)	(2,517,780)	(614,422)	(151,944)	(1,201,547)	(13,979,263)
Commissions on retroceded business	318,503	234,668	(42,073)	-	(12)	34,699	545,785
Supervision and inspection fees	(18,675)	(51,138)	(8,692)	(3,672)	(36,355)	(7,492)	(126,024)
Net underwriting results	4,426,733	(11,007,188)	7,381,144	1,354,704	2,527,297	(2,794,817)	1,887,873

Saudi Reinsurance Company (A Saudi Joint Stock Company)

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

AT 31 DECEMBER 2013

13. SEGMENTAL INFORMATION (continued)

13.1 Business segments (continued)

	Engineering SR	Fire SR	Marine SR	Motor SR	Life SR	Others SR	Total SR
For the year ended							
31 December 2013 (Unaudited)							
Reinsurance operations' results							
Gross written premiums	76,638,325	159,958,612	45,638,048	50,625,872	51,314,090	35,911,389	420,086,336
Retroceded premiums	(5,076,426)	(360,083)	(607,123)	-	(277,526)	(128,041)	(6,449,199)
Excess of loss expenses	(4,361,535)	(18,709,936)	(2,454,048)	(352,128)	(637,923)	(1,301,192)	(27,816,762)
Net written premiums	67,200,364	140,888,593	42,576,877	50,273,744	50,398,641	34,482,156	385,820,375
Change in net unearned premiums	(27,786,432)	(18,892,871)	(7,254,915)	(19,690,726)	(17,286,135)	(5,146,729)	(96,057,808)
Net earned premiums	39,413,932	121,995,722	35,321,962	30,583,018	33,112,506	29,335,427	289,762,567
Net claims paid	(5,265,761)	(45,493,728)	(8,451,655)	(6,440,756)	(10,969,156)	(21,538,139)	(98,159,195)
Change in net outstanding claims	(32,343,835)	(125,492,746)	(11,541,116)	(14,436,345)	(9,161,463)	(9,122,121)	(202,097,626)
Net claims incurred	(37,609,596)	(170,986,474)	(19,992,771)	(20,877,101)	(20,130,619)	(30,660,260)	(300,256,821)
Premium deficiency reserve	-	(22,775,640)	-	(3,391,360)	-	-	(26,167,000)
Gross acquisition costs	(18,726,487)	(37,766,576)	(11,601,366)	(7,270,845)	(1,680,801)	(6,284,106)	(83,330,181)
Commissions on retroceded business	2,831,752	399,699	227,494	-	7,919	(29,439)	3,437,425
Supervision and inspection fees	(383,191)	(799,794)	(228,190)	(253,129)	(256,571)	(179,557)	(2,100,432)
Net underwriting results	(14,473,590)	(109,933,063)	3,727,129	(1,209,417)	11,052,434	(7,817,935)	(118,654,442)

Saudi Reinsurance Company (A Saudi Joint Stock Company)

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

AT 31 DECEMBER 2013

13. SEGMENTAL INFORMATION (continued)

13.1 Business segments (continued)

	Engineering SR	Fire SR	Marine SR	Motor SR	Life SR	Others SR	Total SR
For the year ended							
31 December 2012 (Audited)							
Reinsurance operations' results							
Gross written premiums	62,183,179	95,622,641	30,314,301	12,218,912	15,757,985	28,934,929	245,031,947
Retroceded premiums	(3,072,296)	(256,376)	(360,342)	-	393	369,831	(3,318,790)
Excess of loss expenses	(6,016,513)	(11,429,142)	(2,993,523)	(167,659)	-	(1,820,641)	(22,427,478)
Net written premiums	53,094,370	83,937,123	26,960,436	12,051,253	15,758,378	27,484,119	219,285,679
Change in net unearned premiums	(23,576,813)	(16,923,429)	(4,880,111)	(2,934,529)	(7,107,330)	(4,686,159)	(60,108,371)
Net earned premiums	29,517,557	67,013,694	22,080,325	9,116,724	8,651,048	22,797,960	159,177,308
Net claims paid	(2,200,197)	(23,146,699)	(3,484,274)	(4,620,068)	(1,094,944)	(273,064)	(34,819,246)
Change in net outstanding claims	(10,280,271)	(23,940,854)	(2,451,186)	(1,364,344)	(396,183)	(19,006,342)	(57,419,180)
Net claims incurred	(12,480,468)	(47,087,553)	(5,935,460)	(5,984,412)	(1,491,127)	(19,279,406)	(92,238,426)
Gross acquisition costs	(13,435,903)	(21,859,706)	(8,830,840)	(1,598,737)	(442,017)	(3,619,121)	(49,786,324)
Commissions on retroceded business	2,926,185	2,280,914	684,122	-	(12)	231,681	6,122,890
Supervision and inspection fees	(310,916)	(478,113)	(151,572)	(61,095)	(78,790)	(144,674)	(1,225,160)
Net underwriting results	6,236,455	(130,764)	7,846,575	1,472,480	6,639,102	(13,560)	22,050,288

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

AT 31 DECEMBER 2013

13. SEGMENTAL INFORMATION (continued)

13.1 Business segments (continued)

	Engineering SR	Fire SR	Marine SR	Motor SR	Life SR	Others SR	Total SR
As at 31 December 2013 (Unaudited)							
Segment assets	103,527,160	166,836,664	41,668,488	36,199,379	45,316,934	19,208,781	412,757,406
Segment liabilities	157,268,596	355,912,832	41,327,375	55,423,795	31,057,348	45,552,034	686,541,980
As at 31 December 2012 (Audited)							
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

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued) AT 31 DECEMBER 2013

13. SEGMENTAL INFORMATION (continued)

13.2 Geographical segments

	Kingdom of Saudi Arabia SR	Other Middle Eastern Countries SR	Africa SR	Asia SR	Total SR
For the three month period ended 31 December 2013 (Unaudited)					
Reinsurance operations' results					
Gross written premiums	9,339,918	6,738,673	25,913,420	6,178,280	48,170,291
Retroceded premiums	353,372	(657,808)	(46,067)	-	(350,503)
Excess of loss expenses	(3,289,050)	(1,241,601)	(208,182)	(180,031)	(4,918,864)
Net written premiums	6,404,240	4,839,264	25,659,171	5,998,249	42,900,924
Change in net unearned premiums	20,505,113	10,802,705	441,059	2,794,487	34,543,364
Net earned premiums	26,909,353	15,641,969	26,100,230	8,792,736	77,444,288
Net claims paid	(27,705,150)	(2,258,297)	(3,600,287)	(1,775,600)	(35,339,334)
Change in net outstanding claims	(38,045,126)	(12,837,527)	(20,656,155)	(14,504,841)	(86,043,649)
Net claims incurred	(65,750,276)	(15,095,824)	(24,256,442)	(16,280,441)	(121,382,983)
Premium deficiency reserve	(17,871,292)	(1,215,233)	(3,687,497)	(3,392,978)	(26,167,000)
Gross acquisition costs	(12,125,286)	(4,096,195)	(8,219,223)	(2,896,200)	(27,336,904)
Commissions on retroceded business	578,819	169,295	15,764	-	763,878
Supervision and inspection fees	(46,700)	(33,693)	(129,567)	(30,891)	(240,851)
Net underwriting results	(68,305,382)	(4,629,681)	(10,176,735)	(13,807,774)	(96,919,572)

	Kingdom of Saudi Arabia SR	Other Middle Eastern Countries SR	Africa SR	Asia SR	Total SR
For the three month period ended 31 December 2012 (Unaudited)					

Reinsurance operations' results					
Gross written premiums	11,046,166	6,332,481	6,247,643	1,578,483	25,204,773
Retroceded premiums	987,971	95,565	171,337	-	1,254,873
Excess of loss expenses	(3,880,500)	(1,964,990)	(46,978)	-	(5,892,468)
Net written premiums	8,153,637	4,463,056	6,372,002	1,578,483	20,567,178
Change in net unearned premiums	21,747,396	4,082,215	(3,979,131)	8,136,139	29,986,619
Net earned premiums	29,901,033	8,545,271	2,392,871	9,714,622	50,553,797
Net claims paid	(7,025,038)	(1,787,742)	(785,421)	(168,570)	(9,766,771)
Change in net outstanding claims	(6,574,229)	(5,366,927)	350,333	(13,748,828)	(25,339,651)
Net claims incurred	(13,599,267)	(7,154,669)	(435,088)	(13,917,398)	(35,106,422)
Gross acquisition costs	(9,331,676)	(2,599,223)	(326,884)	(1,721,480)	(13,979,263)
Commissions on retroceded business	583,410	35,431	(73,056)	-	545,785
Supervision and inspection fees	(55,231)	(31,662)	(31,238)	(7,893)	(126,024)
Net underwriting results	7,498,269	(1,204,852)	1,526,605	(5,932,149)	1,887,873

Saudi Reinsurance Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued) AT 31 DECEMBER 2013

13. SEGMENTAL INFORMATION (continued)

13.2 Geographical segments (continued)

	Kingdom of Saudi Arabia SR	Other Middle Eastern Countries SR	Africa SR	Asia SR	Total SR
For the year ended 31 December 2013 (Unaudited)					
Reinsurance operations' results					
Gross written premiums	221,272,461	75,849,503	63,565,155	59,399,217	420,086,336
Retroceded premiums	(4,584,680)	(1,726,397)	(138,122)	-	(6,449,199)
Excess of loss expenses	(19,470,266)	(4,157,760)	(2,833,284)	(1,355,452)	(27,816,762)
Net written premiums	197,217,515	69,965,346	60,593,749	58,043,765	385,820,375
Change in net unearned premiums	(48,655,807)	(11,106,177)	(13,434,031)	(22,861,793)	(96,057,808)
Net earned premiums	148,561,708	58,859,169	47,159,718	35,181,972	289,762,567
Net claims paid	(61,407,178)	(8,498,910)	(12,818,118)	(15,434,989)	(98,159,195)
Change in net outstanding claims	(131,372,799)	(30,332,147)	(25,226,232)	(15,166,448)	(202,097,626)
Net claims incurred	(192,779,977)	(38,831,057)	(38,044,350)	(30,601,437)	(300,256,821)
Premium deficiency reserve	(17,871,292)	(1,215,233)	(3,687,497)	(3,392,978)	(26,167,000)
Gross acquisition costs	(46,539,050)	(14,274,060)	(13,439,316)	(9,077,755)	(83,330,181)
Commissions on retroceded business	2,776,167	585,490	75,768	-	3,437,425
Supervision and inspection fees	(1,106,363)	(379,247)	(317,826)	(296,996)	(2,100,432)
Net underwriting results	(106,958,807)	4,745,062	(8,253,503)	(8,187,194)	(118,654,442)

	Kingdom of Saudi Arabia SR	Other Middle Eastern Countries SR	Africa SR	Asia SR	Total SR
For the year ended 31 December 2012 (Audited)					

Reinsurance operations' results					
Gross written premiums	146,950,528	47,726,279	15,262,564	35,092,576	245,031,947
Retroceded premiums	(2,563,234)	(713,838)	(41,718)	-	(3,318,790)
Excess of loss expenses	(14,422,007)	(4,959,255)	(306,361)	(2,739,855)	(22,427,478)
Net written premiums	129,965,287	42,053,186	14,914,485	32,352,721	219,285,679
Change in net unearned premiums	(25,352,006)	(12,760,716)	(9,116,788)	(12,878,861)	(60,108,371)
Net earned premiums	104,613,281	29,292,470	5,797,697	19,473,860	159,177,308
Net claims paid	(31,251,845)	(1,793,838)	(2,180,235)	406,672	(34,819,246)
Change in net outstanding claims	(18,394,197)	(21,116,347)	4,935,466	(22,844,102)	(57,419,180)
Net claims incurred	(49,646,042)	(22,910,185)	2,755,231	(22,437,430)	(92,238,426)
Gross acquisition costs	(34,870,850)	(9,237,487)	(1,262,430)	(4,415,557)	(49,786,324)
Commissions on retroceded business	5,062,603	997,039	63,248	-	6,122,890
Supervision and inspection fees	(734,753)	(238,631)	(76,313)	(175,463)	(1,225,160)
Net underwriting results	24,424,239	(2,096,794)	7,277,433	(7,554,590)	22,050,288

Saudi Reinsurance Company (A Saudi Joint Stock Company)

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

AT 31 DECEMBER 2013

13. SEGMENTAL INFORMATION (continued)

13.2 Geographical segments (continued)

	Kingdom of Saudi Arabia SR	Other Middle Eastern Countries SR	Africa SR	Asia SR	Total SR
As at 31 December 2013 (Unaudited)					
Reinsurance operations Segment assets	282,957,953	59,283,701	33,769,136	36,746,616	412,757,406
Segment liabilities	475,410,789	109,832,941	39,632,655	61,665,595	686,541,980
As at 31 December 2012 (Audited)					
Reinsurance operations 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

14. BASIC AND DILUTED (LOSS) EARNINGS PER SHARE

Basic and diluted (loss) earnings per share for the three months period and year ended 31 December 2013 and 2012 have been calculated by dividing net (loss) income for the period / year by the weighted average number of ordinary issued and outstanding shares at the end of the periods.

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 9 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 17 Rabi Awal 1435H corresponding to 18 January 2014.