

**SANAD COOPERATIVE INSURANCE AND  
REINSURANCE COMPANY  
(A Saudi Joint Stock Company)  
INTERIM CONDENSED FINANCIAL STATEMENTS  
For the three and nine month periods ended 30 September 2013  
together with the  
Independent auditors' limited review report**

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

**SCOPE OF REVIEW:**

We have reviewed the accompanying interim statement of financial position of Sanad Cooperative Insurance and Reinsurance Company (A Saudi Joint Stock Company) (the "Company") as at 30 September 2013 and the related interim statements of comprehensive income of insurance operations and shareholders' operations for the three and nine month periods then ended and the interim statements of changes in shareholders' equity, cash flows of insurance operations and shareholders operations for the nine month period then ended and the related notes from 1 to 11 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.

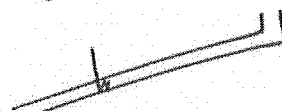
**CONCLUSION:**

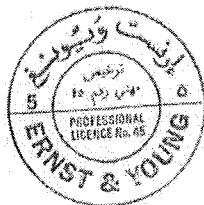
Based on our limited review, we are not aware of any material modifications that should be made to the accompanying interim condensed financial statements for them to be in conformity with IAS 34.

**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.

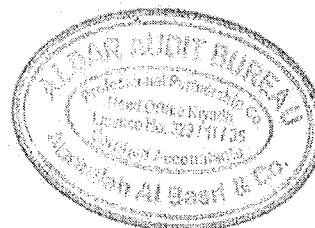
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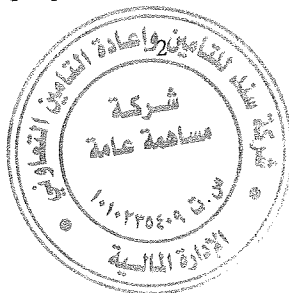
19 Dhul Hijjah, 1434H  
(24 October 2013)

**SANAD COOPERATIVE INSURANCE AND REINSURANCE COMPANY**  
**(A Saudi Joint Stock Company)**  
**INTERIM STATEMENT OF FINANCIAL POSITION**  
As at 30 September 2013  
*(Amount in Saudi Riyals)*

	<i>Note</i>	<b>30 September 2013 (Unaudited)</b>	<b>31 December 2012 (Audited)</b>
<b>ASSETS</b>			
<b><u>Assets - insurance operations</u></b>			
Cash and cash equivalents		67,715,600	65,479,976
Premiums receivable, net	7	64,666,016	63,395,494
Reinsurers' balance receivable, net	8	5,068,090	9,735,595
Reinsurers' share of outstanding claims and other technical reserves	6	27,269,609	37,611,190
Reinsurers' share of unearned premium		14,222,723	13,562,340
Deferred policy acquisition cost		10,094,782	7,027,284
Due from shareholders' operations		1,171,577	--
Prepayments and other assets		12,919,007	9,669,101
Property and equipment, net		4,599,028	3,486,781
<b>Total assets - insurance operations</b>		<b>207,726,432</b>	<b>209,967,761</b>
<b><u>Assets - shareholders' operations</u></b>			
Cash and bank balances		31,401,768	49,940,289
Statutory deposit		20,918,419	20,918,419
Investments – available for sale	5	44,836,808	40,145,978
Loan receivable		500,000	500,000
Due from insurance operations		--	4,901,022
Prepayments and other assets		1,290,183	19,111
<b>Total assets - shareholders' operations</b>		<b>98,947,178</b>	<b>116,424,819</b>
<b>TOTAL ASSETS</b>		<b>306,673,610</b>	<b>326,392,580</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b><u>Liabilities - insurance operations</u></b>			
Unearned premium reserve		95,885,636	67,695,866
Reinsurers' balances payable		3,145,208	3,404,068
Accrued expenses and other liabilities		28,977,820	37,484,048
Outstanding claims and other technical reserves	6	73,289,505	90,709,402
Unearned commission income		3,875,464	3,282,388
End-of-service indemnities		2,552,799	2,490,967
Due to shareholders' operations		--	4,901,022
<b>Total liabilities - insurance operations</b>		<b>207,726,432</b>	<b>209,967,761</b>
<b><u>Liabilities - shareholders' operations</u></b>			
Accrued expenses and other liabilities		283,525	387,025
Zakat payable		10,918,403	9,935,141
Due to insurance operations		1,171,577	--
<b>Total liabilities - shareholders' operations</b>		<b>12,373,505</b>	<b>10,322,166</b>
<b>Total liabilities</b>		<b>220,099,937</b>	<b>220,289,927</b>
<b><u>Shareholders' equity</u></b>			
Share capital		200,000,000	200,000,000
Accumulated deficit		(119,381,550)	(105,306,937)
Fair value reserve on investment	5	5,955,223	11,409,590
<b>Total shareholders' equity</b>		<b>86,573,673</b>	<b>106,102,653</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>306,673,610</b>	<b>326,392,580</b>

The accompanying notes 1 to 11 form an integral part of these interim condensed financial statements.

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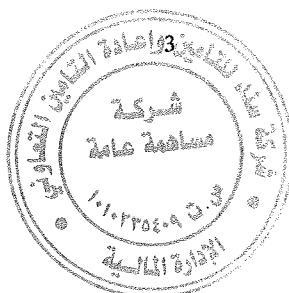
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**SANAD COOPERATIVE INSURANCE AND REINSURANCE COMPANY**  
**(A Saudi Joint Stock Company)**  
**INTERIM STATEMENT OF COMPREHENSIVE INCOME - INSURANCE OPERATIONS**  
**(UNAUDITED)**  
*(Amount in Saudi Riyals)*

<i>Note</i>	Three Months ended 30 September 2013	Nine Months ended 30 September 2013	Three Months ended 30 September 2012	Nine Months ended 30 September 2012
Gross insurance premiums written	45,187,565	168,343,426	14,311,440	134,329,241
Gross inward reinsurance premiums written	29,766	147,980	136,412	1,209,259
<b>Total gross written premium</b>	<b>45,217,331</b>	<b>168,491,406</b>	<b>14,447,852</b>	<b>135,538,500</b>
Reinsurance premiums ceded	(7,690,592)	(38,544,113)	(4,674,029)	(37,281,658)
<b>Net written premiums</b>	<b>37,526,739</b>	<b>129,947,293</b>	<b>9,773,823</b>	<b>98,256,842</b>
Changes in unearned premiums	5,060,881	(28,189,770)	30,552,430	17,028,884
Changes in reinsurance unearned premiums	(3,020,111)	660,383	(8,970,106)	(10,199,024)
<b>Net earned premiums</b>	<b>39,567,509</b>	<b>102,417,906</b>	<b>31,356,147</b>	<b>105,086,702</b>
Reinsurance commission	2,438,143	8,637,241	1,181,343	6,174,089
Policy fee	39,550	67,927	43,585	162,014
<b>Underwriting revenue</b>	<b>42,045,202</b>	<b>111,123,074</b>	<b>32,581,075</b>	<b>111,422,805</b>
Gross claims paid	(30,907,287)	(99,796,548)	(25,193,594)	(105,226,714)
Reinsurance share of claims paid	3,651,142	17,620,311	5,244,402	21,286,450
<b>Net claims paid</b>	<b>(27,256,145)</b>	<b>(82,176,237)</b>	<b>(19,949,192)</b>	<b>(83,940,264)</b>
Net changes in outstanding claim reserve	(1,257,066)	3,577,071	(661,411)	13,135,258
Net changes in claims technical reserve	(341,234)	3,501,245	888,899	4,453,638
<b>Net claims incurred</b>	<b>(28,854,445)</b>	<b>(75,097,921)</b>	<b>(19,721,704)</b>	<b>(66,351,368)</b>
Policy acquisition costs	(5,189,665)	(14,824,180)	(5,314,738)	(18,576,125)
Other underwriting expenses, net	(1,700,749)	(4,857,290)	(2,187,686)	(4,574,467)
Reversal of/ (additions to) impairment allowance against doubtful receivables	513,907	(3,764,422)	654,544	(2,522,530)
<b>Underwriting expenses</b>	<b>(35,230,952)</b>	<b>(98,543,813)</b>	<b>(26,569,584)</b>	<b>(92,024,490)</b>
<b>Underwriting results</b>	<b>6,814,250</b>	<b>12,579,261</b>	<b>6,011,491</b>	<b>19,398,315</b>
General and administration expenses	(11,898,808)	(35,666,426)	(8,441,255)	(29,256,940)
<b>Deficit from insurance operations</b>	<b>(5,084,558)</b>	<b>(23,087,165)</b>	<b>(2,429,764)</b>	<b>(9,858,625)</b>
Gain on sale of property and equipment	---	12,500	---	57,162
Other income	65,583	205,000	51,534	271,212
<b>Net deficit from insurance operations</b>	<b>(5,018,975)</b>	<b>(22,869,665)</b>	<b>(2,378,230)</b>	<b>(9,530,251)</b>
Transfer of comprehensive deficit to shareholders' operations	5,018,975	22,869,665	2,378,230	9,530,251
<b>Net results for the period</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>

The accompanying notes 1 to 11 form an integral part of these interim condensed financial statements.

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**SANAD COOPERATIVE INSURANCE AND REINSURANCE COMPANY**  
**(A Saudi Joint Stock Company)**  
**INTERIM STATEMENT OF COMPREHENSIVE INCOME - SHAREHOLDERS' OPERATIONS**  
**(UNAUDITED)**  
*(Amount in Saudi Riyals)*

<i>Note</i>	Three Months ended 30 September 2013	Nine Months ended 30 September 2013	Three Months ended 30 September 2012	Nine Months ended 30 September 2012
<b>INCOME</b>				
Commission income	104,400	372,114	113,555	448,002
Dividend income from investments	572,785	1,392,564	706,444	1,661,444
Gain on sale of investments	--	10,070,314	--	--
	<u>677,185</u>	<u>11,834,992</u>	<u>819,999</u>	<u>2,109,446</u>
Transfer of loss from insurance operations	(5,018,975)	(22,869,665)	(2,378,230)	(9,530,251)
General and administration expenses	(176,930)	(1,162,927)	(366,961)	(1,191,219)
<b>NET LOSS FOR THE PERIOD BEFORE ZAKAT</b>	<u>(4,518,720)</u>	<u>(12,197,600)</u>	<u>(1,925,192)</u>	<u>(8,612,024)</u>
Zakat	(542,963)	(1,877,013)	(744,719)	(2,128,205)
<b>NET LOSS FOR THE PERIOD</b>	<u>(5,061,683)</u>	<u>(14,074,613)</u>	<u>(2,669,911)</u>	<u>(10,740,229)</u>
<i>Other comprehensive income (loss):</i>	5			
<i>Items that are or may be reclassified subsequently to profit or loss:</i>				
Changes in fair value of available for sale investments, net	1,687,851	4,615,947	614,598	4,373,237
<i>Transferred to interim statement of income:</i>				
On sale of available for sale investments	--	(10,070,314)	--	--
	<u>1,687,851</u>	<u>(5,454,367)</u>	<u>614,598</u>	<u>4,373,237</u>
<b>Total comprehensive loss for the period</b>	<u>(3,373,832)</u>	<u>(19,528,980)</u>	<u>(2,055,313)</u>	<u>(6,366,992)</u>
Basic and diluted loss per share	(0.25)	(0.70)	(0.13)	(0.54)
Weighted average number of shares in issue	<u>20,000,000</u>	<u>20,000,000</u>	<u>20,000,000</u>	<u>20,000,000</u>

The accompanying notes 1 to 11 form an integral part of these interim condensed financial statements.

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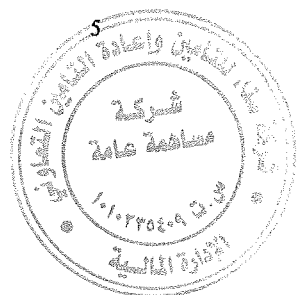
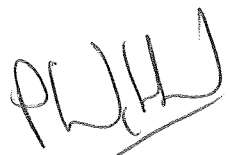


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**SANAD COOPERATIVE INSURANCE AND REINSURANCE COMPANY**  
**(A Saudi Joint Stock Company)**  
**INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)**  
**FOR THE NINE MONTH PERIODS ENDED 30 SEPTEMBER 2013**  
*(Amount in Saudi Riyals)*

	<u>Share Capital</u>	<u>Accumulated deficit</u>	<u>Fair value reserve on Investment</u>	<u>Total</u>
<b>2013</b>				
Balance at 1 January 2013	200,000,000	(105,306,937)	11,409,590	106,102,653
Net loss for the period	--	(14,074,613)	--	(14,074,613)
Other comprehensive loss for the period	--	--	(5,454,367)	(5,454,367)
Total comprehensive loss for the period	--	(14,074,613)	(5,454,367)	(19,528,980)
Balance at 30 September 2013	200,000,000	(119,381,550)	5,955,223	86,573,673
<b>2012</b>				
Balance at 1 January 2012	200,000,000	(97,977,041)	5,086,116	107,109,075
Net loss for the period	--	(10,740,229)	--	(10,740,229)
Other comprehensive income for the period	--	--	4,373,237	4,373,237
Total comprehensive loss for the period	--	(10,740,229)	4,373,237	(6,366,992)
Balance at 30 September 2012	200,000,000	(108,717,270)	9,459,353	100,742,083

The accompanying notes 1 to 11 form an integral part of these interim condensed financial statements.

**SANAD COOPERATIVE INSURANCE AND REINSURANCE COMPANY**  
**(A Saudi Joint Stock Company)**  
**INTERIM STATEMENT OF INSURANCE OPERATIONS' CASH FLOWS (UNAUDITED)**  
*(Amount in Saudi Riyals)*

	<u>Nine months ended 30 September 2013</u>	<u>Nine months ended 30 September 2012</u>
<b>Operating Activities</b>		
Net results for the period	--	--
<i>Adjustments for non-cash items:</i>		
Transfer of loss to shareholders' operations	(22,869,665)	(9,530,251)
Depreciation	1,574,255	1,510,435
Provision for employees' end of service benefits	562,382	1,380,705
Charge of impairment allowance against doubtful receivables	3,764,422	2,522,530
(Gain) / loss on sale of property and equipment	(12,500)	57,162
<b>Changes in operating assets and liabilities:</b>		
Premiums receivable	(4,647,362)	(2,561,396)
Deferred policy acquisition costs	(3,067,498)	1,966,088
Prepayments and other assets	(3,249,906)	(4,490,866)
Unearned premium reserves, net	27,529,387	(6,829,860)
Unearned commission income	593,076	(86,898)
Reinsurers' balances payable	(258,860)	(29,983,653)
Accrued and other liabilities	(8,506,228)	(4,885,912)
Outstanding claims and other technical reserves, net	(7,078,316)	(17,588,896)
Due to shareholders' operations	16,797,066	(7,090,329)
Reinsurance balance receivable	4,279,923	15,327,220
<b>Cash from / (used in) operating activities</b>	<u>5,410,176</u>	<u>(60,283,921)</u>
Employees' end of service benefits paid	(500,550)	(231,075)
<b>Net cash from / (used in) operating activities</b>	<u>4,909,626</u>	<u>(60,514,996)</u>
<b>Investing Activities</b>		
Additions to property and equipment	(2,686,502)	(702,708)
Sale proceed from disposal of property and equipment	12,500	25,000
<b>Net cash used in investing activities</b>	<u>(2,674,002)</u>	<u>(677,708)</u>
<b>Net changes in cash and cash equivalents</b>	2,235,624	(61,192,704)
<b>Cash and cash equivalents, beginning of the period</b>	<u>65,479,976</u>	<u>118,055,360</u>
<b>Cash and cash equivalents, end of the period</b>	<u>67,715,600</u>	<u>56,862,656</u>

The accompanying notes 1 to 11 form an integral part of these interim condensed financial statements.

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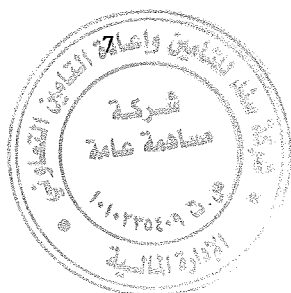


**SANAD COOPERATIVE INSURANCE AND REINSURANCE COMPANY**  
**(A Saudi Joint Stock Company)**  
**INTERIM STATEMENT OF SHAREHOLDERS' CASH FLOWS (UNAUDITED)**  
*(Amount in Saudi Riyals)*

	Nine months ended 30 September 2013	Nine months ended 30 September 2012
<b>Operating Activities</b>		
Net loss for the period before zakat	(12,197,600)	(8,612,024)
<i>Adjustments for non-cash items:</i>		
Transferred from insurance operations	22,869,665	9,530,251
Gain on sale of investments	(10,070,314)	(253,944)
<b>Changes in operating assets and liabilities:</b>		
Accrued expenses and other liabilities	(103,500)	(91,500)
Prepayments and other assets	(1,271,072)	(1,473,002)
Due from insurance operations	(16,797,066)	7,090,329
<b>Cash (used in) / from operating activities</b>	<b>(17,569,887)</b>	<b>6,190,110</b>
Zakat paid	(893,751)	(893,416)
<b>Net cash (used in) / from operating activities</b>	<b>(18,463,638)</b>	<b>5,296,694</b>
<b>Investing Activities</b>		
Purchase of investments	(19,575,283)	--
Disposal of investments	19,500,400	10,133,549
<b>Net cash (used in) / from investing activities</b>	<b>(74,883)</b>	<b>10,133,549</b>
<b>Net changes in cash and cash equivalents</b>	<b>(18,538,521)</b>	<b>15,430,243</b>
<b>Cash and cash equivalents, beginning of the period</b>	<b>49,940,289</b>	<b>34,655,033</b>
<b>Cash and cash equivalents, end of the period</b>	<b>31,401,768</b>	<b>50,085,276</b>
<b>Non – cash supplemental information:</b>		
Change in fair value of investments – available for sale	<b>4,615,947</b>	<b>4,373,237</b>

The accompanying notes 1 to 11 form an integral part of these interim condensed financial statements.

Rachid



A. H. H.



**SANAD COOPERATIVE INSURANCE AND REINSURANCE COMPANY**  
**(A Saudi Joint Stock Company)**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2013**

**1 ORGANIZATION AND PRINCIPAL ACTIVITIES**

Sanad Cooperative Insurance & Reinsurance Company (the "Company") is a Saudi Joint Stock Company incorporated under Ministerial Resolution dated 15 Jumada Al Thani 1428H, (corresponding to 30 June 2007). The Company is registered in the Kingdom of Saudi Arabia under commercial registration number 1010235409 dated 23 Jumada Al Thani 1428 H (corresponding to 8 July 2007). The objective of the Company is to transact cooperative insurance operations and related activities in the Kingdom of Saudi Arabia. The Company was listed on the Saudi Stock Exchange on 21 July 2007.

The Registered Office of the Company is located at Dareen Center, Al Ahsa Street, Riyadh, 11417, Kingdom of Saudi Arabia. These interim condensed financial statements cover the period from 1 January 2013 to 30 September 2013 (the "period").

**2 BASIS OF PREPARATION**

**2.1 *Basis of measurement***

The interim condensed financial statements have been prepared under the historical cost convention, except for the measurement of available-for-sale investments at fair value.

**2.2 *Statement of compliance***

The interim condensed financial statements of the Company have been prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting.


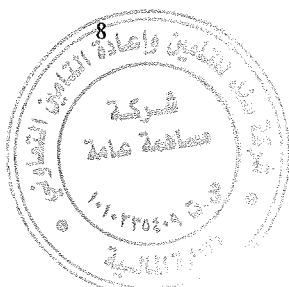

As required by Saudi Arabian Insurance Regulations, the Company maintains separate books of accounts for Insurance Operations and Shareholders' Operations. Assets, liabilities, revenues and expenses clearly attributable to either activity are recorded in the respective books. The basis of allocation of common expenses from joint operations is determined and approved by the management and Board of Directors.

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 for the year ended 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 period presented. The Company's interim results may not be indicative of its annual results.

**2.3 *Functional and presentation currency***

The interim condensed financial statements have been presented in Saudi Riyals, being the functional currency of the Company. Amounts are rounded to nearest Riyal unless otherwise indicated.

**SANAD COOPERATIVE INSURANCE AND REINSURANCE COMPANY**  
**(A Saudi Joint Stock Company)**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2013**

**2 BASIS OF PREPARATION (Continued)**

**2.4 *Use of accounting judgments, estimates and assumptions in the preparation of interim condensed financial statements***

The preparation of interim condensed financial statements in conformity with International Financial Reporting Standards (IFRS) requires the use of judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the interim condensed financial statements and the reported amounts of revenue and expenses during the reporting period.

Although these judgments, estimates and assumptions are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates. Estimates and judgments are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the current and future periods if the revision affects both current and future periods.

In particular, the matters involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are:

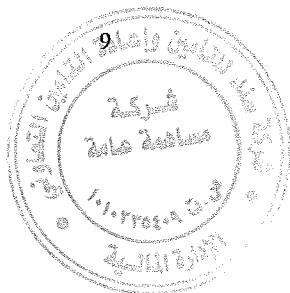
- Unearned premium reserve
- Outstanding claims and other technical reserve
- Impairment of receivables
- Impairment in value of investment – available for sale

**3 SIGNIFICANT ACCOUNTING POLICIES AND RISK MANAGEMENT POLICIES**

The accounting and risk management policies adopted in the preparation of these interim condensed financial statements are consistent with the Company's audited 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 which has had an insignificant effect/no financial impact on the condensed interim financial statements of the Company on the current period or prior period and is expected to have an insignificant effect in future periods:

*a) New standards*

- IFRS 13 Fair value measurements: Replaces the guidance on fair value measurement in existing IFRS accounting literature with a single standard. The IFRS defines fair value, provides guidance on how to determine fair value and requires disclosures about fair value measurements. However, IFRS 13 does not change the requirements regarding which items should be measured or disclosed at fair value.
- IFRS 12 - Disclosure of Interests in Other Entities.



**SANAD COOPERATIVE INSURANCE AND REINSURANCE COMPANY**  
(A Saudi Joint Stock Company)

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2013**  
(Amount in Saudi Riyals)

**3 SIGNIFICANT ACCOUNTING POLICIES AND RISK MANAGEMENT POLICIES(Continued)**

*b) Amendments to existing standards*

- Amendments to IFRS 7 Financial Instruments: Disclosure: Amends the disclosure requirements in IFRS 7 to require information about all recognised financial instruments that are set off in accordance with paragraph 42 of IAS 32 and also require disclosure of information about recognised financial instruments subject to enforceable master netting arrangements and agreements even if they are not set off under IAS 32.
- Amendments to IAS 1- Presentation of Items of Other Comprehensive Income
- Amendments to IAS 34 - Interim financial reporting and segment information for total assets and liabilities.

**4 RELATED PARTY TRANSACTIONS**

Related parties represent major shareholders, directors and key management personnel of the Company, and companies of which they are principal owners and any other entities controlled, jointly controlled or significantly influenced by them. Pricing policies and terms of these transactions are mutually agreed and are approved by the Company's management. The related parties of the Company are as follows:

Nature of relationship	Name of related party
<i>10% founding shareholder and common directorship</i>	- Saudi Continental Insurance Company
<i>90% shareholder in Saudi Continental Insurance Company and have a common directorship</i>	- Aggad Investment Company
<i>Common directorship and control</i>	- Arabian Tiles Company - Medical Supplies and Services Company Limited (MEDISERV) - National Advanced Systems Company Limited (NASCO) - United Motors Company

*a) Transactions with related parties:*

Details of significant transactions carried out during the period with related parties are as follows:

<u>Name of related party</u>	<u>Nine months ended</u> <u>30 September 2013</u>		<u>Nine months ended</u> <u>30 September 2012</u>	
	<u>Gross written</u> <u>premium</u>	<u>Gross claims</u> <u>paid</u>	<u>Gross written</u> <u>premium</u>	<u>Gross claims</u> <u>paid</u>
Aggad Investment Company	162,207	273,355	432,305	214,802
Arabian Tiles Company	197,676	564,812	120,154	603,044
Medical Supplies and Services Company Limited (MEDISERV)	1,080,163	1,766,048	494,829	2,384,275
National Advanced Systems Company Limited (NASCO)	1,283,900	3,535,362	1,226,119	2,509,633
United Motors Company	12,012,587	9,071,808	11,039,366	6,439,942

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**SANAD COOPERATIVE INSURANCE AND REINSURANCE COMPANY**  
(A Saudi Joint Stock Company)

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(Amount in Saudi Riyals)

**4 RELATED PARTY TRANSACTIONS (Continued)**

**b) Balances with related parties:**

Details of significant receivables from and payables to the related parties are as follows:

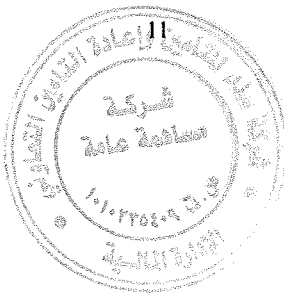
	<u>30 September 2013</u> (Unaudited)		<u>31 December 2012</u> (Audited)	
	<u>Premiums receivable</u>	<u>Outstanding claims</u>	<u>Premiums receivable</u>	<u>Outstanding claims</u>
<u>Related party</u>				
Aggad Investment Company	81,334	70,565	145,219	134,874
Arabian Tiles Company	377,756	321,187	863,451	268,828
Medical Supplies and Services Company Limited (MEDISERV)	368,616	1,899,934	1,040,606	2,348,997
National Advanced Systems Company Limited (NASCO)	1,229,191	5,947,603	2,990,210	4,428,705
United Motors Company	5,640,032	7,974,163	4,100,196	3,461,209

**c) Compensation of key management personnel:**

Key management personnel of the Company include all directors, executive and non-executive, and senior management. The summary of compensation of key management personnel for the period is as follows:

	<u>Nine months ended</u> <u>30 September</u> <u>2013</u>	<u>Nine months ended</u> <u>30 September</u> <u>2012</u>
Salaries and other short term benefits	3,236,020	3,371,882
End of service benefit	162,408	155,019
	<u>3,398,428</u>	<u>3,526,901</u>

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**SANAD COOPERATIVE INSURANCE AND REINSURANCE COMPANY**  
**(A Saudi Joint Stock Company)**  
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**5 INVESTMENTS**

*Investments - available for sale*

Investment in available for sale securities comprise of the following:

	30 September 2013 (Unaudited)			31 December 2012 (Audited)
	Cost	Market value	Unrealised gain	Market value
<b><u>Quoted/ Published prices</u></b>				
Mutual Funds	6,625,998	6,981,904	355,906	6,947,506
Global Sukuk Fund deposits	9,450,000	10,980,433	1,530,433	10,996,789
Equities	20,882,509	24,951,393	4,068,884	20,278,605
	<u>36,958,507</u>	<u>42,913,730</u>	<u>5,955,223</u>	<u>38,222,900</u>
<b><u>Unquoted</u></b>				
Equities	1,923,078	1,923,078	---	1,923,078
<b>Total investments in available for sale</b>	<u>38,881,585</u>	<u>44,836,808</u>	<u>5,955,223</u>	<u>40,145,978</u>

Movements in available for sale investments are as follows:

	30 September 2013	30 September 2012
At the beginning of the period	40,145,978	43,702,108
Addition during the period	19,575,283	--
Disposals during the period	(19,500,400)	(9,879,605)
Change in fair value	4,615,947	4,373,237
At the end of the period	<u>44,836,808</u>	<u>38,195,740</u>



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**SANAD COOPERATIVE INSURANCE AND REINSURANCE COMPANY**  
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**6 OUTSTANDING CLAIMS AND OTHER TECHNICAL RESERVES**

	30 September 2013 (Unaudited)		
	<u>Gross</u>	<u>Reinsurers' Share</u>	<u>Net</u>
	Outstanding claim reserves	53,831,302	(21,323,265)
Incurred but not reported reserve	17,193,527	(5,946,344)	11,247,183
Unallocated loss adjustment expense reserve	2,264,676	--	2,264,676
<b>Outstanding claims and other technical reserves</b>	<b>73,289,505</b>	<b>(27,269,609)</b>	<b>46,019,896</b>
	31 December 2012 (Audited)		
	<u>Gross</u>	<u>Reinsurers' Share</u>	<u>Net</u>
Outstanding claim reserves	64,285,225	(28,200,117)	36,085,108
Incurred but not reported reserve	23,808,330	(9,411,073)	14,397,257
Unallocated loss adjustment expense reserve	2,615,847	--	2,615,847
<b>Outstanding claims and other technical reserves</b>	<b>90,709,402</b>	<b>(37,611,190)</b>	<b>53,098,212</b>

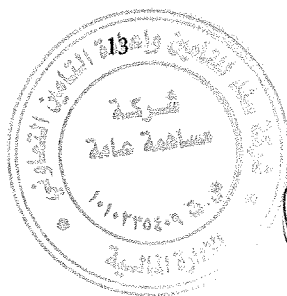
**7 PREMIUMS RECEIVABLE**

	30 September 2013 (Unaudited)	31 December 2012 (Audited)		
Premiums receivable	92,680,836	88,033,474		
Less : Impairment against doubtful receivables	(28,014,820)	(24,637,980)		
	<b>64,666,016</b>	<b>63,395,494</b>		
	Total	Neither past due nor impaired	Past due but not impaired	Past due and impaired
30 September 2013 (Unaudited)	92,680,836	17,537,237	47,128,779	28,014,820
31 December 2012 (Audited)	88,033,474	24,922,401	38,473,093	24,637,980

The Company classifies receivable balances as 'past due and impaired' on a case to case basis, impairment against which is recorded in the 'statement of comprehensive income - insurance operations'. The Company does not obtain collateral against premium receivables. Amount which are neither past due nor considered impaired by management, in respect of premium receivables, are from individuals and unrated corporate policy holders.

**8 REINSURERS' BALANCE RECEIVABLE**

	30 September 2013 (Unaudited)	31 December 2012 (Audited)	
Reinsurers' balance receivable	5,754,079	10,034,002	
Less: Impairment against doubtful receivables	(685,989)	(298,407)	
	<b>5,068,090</b>	<b>9,735,595</b>	
	Total	Past due but not impaired	Past due and impaired
30 September 2013 (Unaudited)	5,754,079	5,068,090	685,989
31 December 2012 (Audited)	10,034,002	9,735,595	298,407



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**SANAD COOPERATIVE INSURANCE AND REINSURANCE COMPANY**  
**(A Saudi Joint Stock Company)**  
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**9 SEGMENT INFORMATION**

Consistent with the Company's internal reporting process, business segments have been approved by management in respect of the Company's activities, assets and liabilities as stated below. Segment results do not include general and administration expenses and other income.

Segment assets do not include property and equipment, prepayments and other assets, premiums receivable, reinsurances' balance receivables and cash and cash equivalents. Accordingly they are included in unallocated assets.

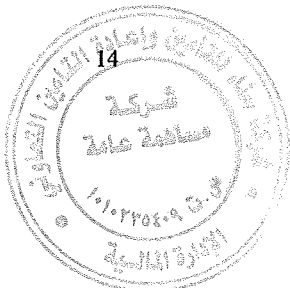
Segment liabilities do not include due to shareholders operations, end-of-service indemnities, reinsurers' balances payable, accrued expenses and other liabilities.

All unallocated assets and liabilities are reported to chief operating decision maker as unallocated assets and liabilities and are monitored on a centralized basis.

All of the Company's operating assets and principal activities are located in the Kingdom of Saudi Arabia.

**a) Statement of results for insurance operations**

	For the three months ended 30 September 2013					
	Medical	Motor	Marine	Engineering	Others	Total
Gross written premiums	26,478,070	11,415,912	3,565,059	1,857,100	1,901,190	45,217,331
Reinsurance premiums ceded	(1,103,394)	(491,333)	(2,819,338)	(1,828,919)	(1,447,608)	(7,690,592)
Net written premiums	25,374,676	10,924,579	745,721	28,181	453,582	37,526,739
Net changes in unearned premiums	(10,263,069)	11,862,379	(83,610)	141,033	384,037	2,040,770
Net earned premiums	15,111,607	22,786,958	662,111	169,214	837,619	39,567,509
Reinsurance commission earned	--	--	824,095	805,751	808,297	2,438,143
Other underwriting income	2,800	17,135	13,215	925	5,475	39,550
<b>Total underwriting revenue</b>	<b>15,114,407</b>	<b>22,804,093</b>	<b>1,499,421</b>	<b>975,890</b>	<b>1,651,391</b>	<b>42,045,202</b>
Gross claims paid	(9,232,900)	(19,681,678)	(685,407)	(453,583)	(853,719)	(30,907,287)
Reinsurance share of claims paid	1,327,178	746,390	458,273	429,738	689,563	3,651,142
Net claims paid	(7,905,722)	(18,935,288)	(227,134)	(23,845)	(164,156)	(27,256,145)
Net changes in outstanding claims and other technical reserves	(749,501)	(833,823)	(25,053)	(12,095)	22,172	(1,598,300)
Net claims cost	(8,655,223)	(19,769,111)	(252,187)	(35,940)	(141,984)	(28,854,445)
Policy acquisition costs	(1,102,766)	(2,840,966)	(281,145)	(487,682)	(477,106)	(5,189,665)
Other underwriting expenses, net	(834,723)	(426,138)	(231,879)	(94,021)	(113,988)	(1,700,749)
Reversal of / (addition to) impairment allowance against doubtful receivables	820,729	(306,822)	--	--	--	513,907
<b>Total underwriting expenses</b>	<b>(9,771,983)</b>	<b>(23,343,037)</b>	<b>(765,211)</b>	<b>(617,643)</b>	<b>(733,078)</b>	<b>(35,230,952)</b>
<b>Underwriting surplus / (deficit) before administration expenses</b>	<b>5,342,424</b>	<b>(538,944)</b>	<b>734,210</b>	<b>358,247</b>	<b>918,313</b>	<b>6,814,250</b>
Unallocated income						65,583
Unallocated expenses						(11,898,808)
<b>Net deficit from insurance operations</b>						<b>(5,018,975)</b>



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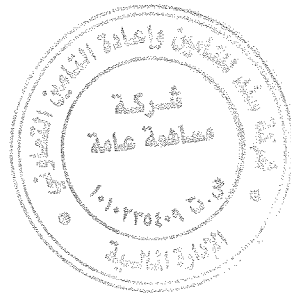
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**SANAD COOPERATIVE INSURANCE AND REINSURANCE COMPANY**  
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**9 SEGMENT INFORMATION (Continued)**

**a) Statement of results for insurance operations (continued)**

	For the nine months ended 30 September 2013					
	Medical	Motor	Marine	Engineering	Others	Total
Gross written premiums	49,487,942	79,395,544	16,428,950	10,359,103	12,819,867	168,491,406
Reinsurance premiums ceded	<u>(3,110,437)</u>	<u>(2,192,023)</u>	<u>(13,497,936)</u>	<u>(9,777,644)</u>	<u>(9,966,073)</u>	<u>(38,544,113)</u>
Net written premiums	46,377,505	77,203,521	2,931,014	581,459	2,853,794	129,947,293
Net changes in unearned premiums	<u>(12,410,374)</u>	<u>(14,614,747)</u>	<u>(56,601)</u>	<u>(5,530)</u>	<u>(442,135)</u>	<u>(27,529,387)</u>
Net earned premiums	33,967,131	62,588,774	2,874,413	575,929	2,411,659	102,417,906
Reinsurance commission earned	--	--	3,873,863	2,457,499	2,305,879	8,637,241
Other underwriting income	7,800	(13,963)	41,540	4,275	28,275	67,927
Total underwriting revenue	<u>33,974,931</u>	<u>62,574,811</u>	<u>6,789,816</u>	<u>3,037,703</u>	<u>4,745,813</u>	<u>111,123,074</u>
Gross claims paid	<u>(38,807,832)</u>	<u>(52,400,603)</u>	<u>(4,226,965)</u>	<u>(1,161,596)</u>	<u>(3,199,552)</u>	<u>(99,796,548)</u>
Reinsurance share of claims paid	9,699,970	971,269	3,258,414	1,081,112	2,609,546	17,620,311
Net claims paid	<u>(29,107,862)</u>	<u>(51,429,334)</u>	<u>(968,551)</u>	<u>(80,484)</u>	<u>(590,006)</u>	<u>(82,176,237)</u>
Net changes in outstanding claims and other technical reserves	7,247,749	<u>(609,068)</u>	351,167	<u>(153,274)</u>	241,742	7,078,316
Net claims cost	<u>(21,860,113)</u>	<u>(52,038,402)</u>	<u>(617,384)</u>	<u>(233,758)</u>	<u>(348,264)</u>	<u>(75,097,921)</u>
Policy acquisition costs	<u>(2,066,196)</u>	<u>(8,129,022)</u>	<u>(1,767,459)</u>	<u>(1,462,270)</u>	<u>(1,399,233)</u>	<u>(14,824,180)</u>
Other underwriting expenses, net	<u>(1,713,531)</u>	<u>(1,702,910)</u>	<u>(688,706)</u>	<u>(363,002)</u>	<u>(389,141)</u>	<u>(4,857,290)</u>
Reversal of / (addition to) impairment allowance against doubtful receivables	<u>(1,856,469)</u>	<u>(1,907,953)</u>	--	--	--	<u>(3,764,422)</u>
Total underwriting expenses	<u>(27,496,309)</u>	<u>(63,778,287)</u>	<u>(3,073,549)</u>	<u>(2,059,030)</u>	<u>(2,136,638)</u>	<u>(98,543,813)</u>
Underwriting surplus / (deficit) before administration expenses	<u>6,478,622</u>	<u>(1,203,476)</u>	<u>3,716,267</u>	<u>978,673</u>	<u>2,609,175</u>	<u>12,579,261</u>
Unallocated income						217,500
Unallocated expenses						<u>(35,666,426)</u>
Net deficit from insurance operations						<u>(22,869,665)</u>



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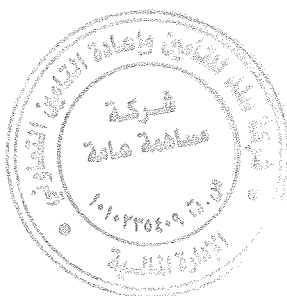


**SANAD COOPERATIVE INSURANCE AND REINSURANCE COMPANY**  
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*(Amount in Saudi Riyals)*

**9 SEGMENT INFORMATION (Continued)**

**a) Statement of results for insurance operations (continued)**

	For the three months ended 30 September 2012					Total
	Medical	Motor	Marine	Engineering	Others	
Total gross written premiums	2,667,777	7,253,589	2,065,787	741,068	1,719,631	14,447,852
Reinsurance premiums ceded	(477,572)	(460,250)	(2,454,040)	(350,095)	(932,072)	(4,674,029)
Net written premiums	2,190,205	6,793,339	(388,253)	390,973	787,559	9,773,823
Net changes in unearned premiums	11,653,476	9,503,012	(61,692)	221,587	265,941	21,582,324
Net earned premiums	13,843,681	16,296,351	(449,945)	612,560	1,053,500	31,356,147
Reinsurance commission earned	--	--	495,437	756,620	(70,714)	1,181,343
Other underwriting income	1,600	24,360	12,151	975	4,499	43,585
Total underwriting revenue	13,845,281	16,320,711	57,643	1,370,155	987,285	32,581,075
Gross claims paid	(11,039,748)	(10,815,249)	(2,419,212)	(289,636)	(629,749)	(25,193,594)
Reinsurance share of claims paid	3,000,262	370,250	852,758	305,285	715,847	5,244,402
Net claims paid	(8,039,486)	(10,444,999)	(1,566,454)	15,649	86,098	(19,949,192)
Net changes in outstanding claims and other technical reserves	1,528,559	(1,552,648)	235,109	63,459	(46,991)	227,488
Net claims cost	(6,510,927)	(11,997,647)	(1,331,345)	79,108	39,107	(19,721,704)
Policy acquisition costs	(1,486,254)	(2,559,332)	(149,968)	(513,561)	(605,623)	(5,314,738)
Other underwriting expenses, net impairment allowance against doubtful receivables	(596,001)	(55,836)	(523,683)	(504,308)	(507,858)	(2,187,686)
	351,080	303,464	--	--	--	654,544
Total underwriting expenses	(8,242,102)	(14,309,351)	(2,004,996)	(938,761)	(1,074,374)	(26,569,584)
Underwriting surplus / (deficit) before administration expenses	5,603,179	2,011,360	(1,947,353)	431,394	(87,089)	6,011,491
Unallocated income						51,534
Unallocated expenses						(8,441,255)
Net deficit from insurance operations						(2,378,230)



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**SANAD COOPERATIVE INSURANCE AND REINSURANCE COMPANY**  
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*(Amount in Saudi Riyals)*

**9 SEGMENT INFORMATION (Continued)**

**a) Statement of results for insurance operations (continued)**

	For the nine months ended 30 September 2012					
	Medical	Motor	Marine	Engineering	Others	Total
Total gross written premiums	43,788,593	60,351,882	10,869,863	8,512,556	12,015,606	135,538,500
Reinsurance premiums ceded	(9,951,659)	(1,439,650)	(9,113,380)	(7,685,561)	(9,091,408)	(37,281,658)
Net written premiums	33,836,934	58,912,232	1,756,483	826,995	2,924,198	98,256,842
Net changes in unearned premiums	17,304,123	(10,616,751)	31,954	527,821	(417,287)	6,829,860
Net earned premiums	51,141,057	48,295,481	1,788,437	1,354,816	2,506,911	105,086,702
Reinsurance commission earned	--	--	2,425,251	2,236,434	1,512,404	6,174,089
Other underwriting income	9,300	84,009	40,800	3,535	24,370	162,014
Total underwriting revenue	51,150,357	48,379,490	4,254,488	3,594,785	4,043,685	111,422,805
Gross claims paid	(56,366,818)	(38,074,047)	(4,908,858)	(1,676,095)	(4,200,896)	(105,226,714)
Reinsurance share of claims paid	15,078,495	471,280	815,031	1,595,501	3,326,143	21,286,450
Net claims paid	(41,288,323)	(37,602,767)	(4,093,827)	(80,594)	(874,753)	(83,940,264)
Net changes in outstanding claims and other technical reserves	20,986,452	(1,493,795)	(1,052,270)	(686,590)	(164,901)	17,588,896
Net claims cost	(20,301,871)	(39,096,562)	(5,146,097)	(767,184)	(1,039,654)	(66,351,368)
Policy acquisition costs	(6,206,696)	(7,647,283)	(1,342,907)	(1,535,473)	(1,843,766)	(18,576,125)
Other underwriting expenses, net	(2,403,566)	(342,374)	(567,589)	(541,122)	(719,816)	(4,574,467)
Reversal of / (addition to) impairment allowance against doubtful receivables	60,093	(2,582,623)	--	--	--	(2,522,530)
Total underwriting expenses	(28,852,040)	(49,668,842)	(7,056,593)	(2,843,779)	(3,603,236)	(92,024,490)
Underwriting surplus / (deficit) before administration expenses	22,298,317	(1,289,352)	(2,802,105)	751,006	440,449	19,398,315
Unallocated income						328,374
Unallocated expenses						(29,256,940)
Net deficit from insurance operations						(9,530,251)



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**SANAD COOPERATIVE INSURANCE AND REINSURANCE COMPANY**  
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*(Amount in Saudi Riyals)*

**9 SEGMENT INFORMATION (Continued)**

**b) Insurance operations' assets and liabilities**

	At 30 September 2013 (Unaudited)					
	Medical	Motor	Marine	Engineering	Others	Total
<b>Assets – insurance operations</b>						
Reinsurers' share of unearned premium	8,299	--	3,358,720	5,589,651	5,266,053	14,222,723
Reinsurers' share of outstanding claims and other technical reserves	2,385,259	2,906,430	5,697,589	12,169,551	4,110,780	27,269,609
Deferred policy acquisition cost	2,825,058	4,963,247	532,301	884,701	889,475	10,094,782
Allocated assets	5,218,616	7,869,677	9,588,610	18,643,903	10,266,308	51,587,114
Unallocated assets						156,139,318
Total insurance operations assets						207,726,432
<b>Liabilities – insurance operations</b>						
Unearned premium reserves	36,228,227	42,054,207	4,193,606	5,949,319	7,460,277	95,885,636
Outstanding claims and other technical reserves	15,852,620	32,014,938	7,249,801	13,193,997	4,978,149	73,289,505
Unearned commission income	--	--	1,048,351	1,422,367	1,404,746	3,875,464
Allocated liabilities	52,080,847	74,069,145	12,491,758	20,565,683	13,843,172	173,050,605
Unallocated liabilities						34,675,827
Total insurance operations liabilities						207,726,432
	At 31 December 2012 (Audited)					
	Medical	Motor	Marine	Engineering	Others	Total
<b>Assets – insurance operations</b>						
Reinsurers' share of unearned premium	1,733,029	--	2,497,098	5,087,342	4,244,871	13,562,340
Reinsurers' share of outstanding claims and other technical reserves	14,344,401	4,937,249	5,009,030	7,498,132	5,822,378	37,611,190
Deferred policy acquisition cost	1,104,460	3,888,894	389,745	835,848	808,337	7,027,284
Allocated assets	17,181,890	8,826,143	7,895,873	13,421,322	10,875,586	58,200,814
Unallocated assets						151,766,947
Total insurance operations assets						209,967,761
<b>Liabilities – insurance operations</b>						
Unearned premium reserves	25,542,582	27,439,460	3,275,384	5,441,480	5,996,960	67,695,866
Outstanding claims and other technical reserves	35,059,512	33,436,689	6,912,409	8,369,304	6,931,488	90,709,402
Unearned commission income	--	--	779,059	1,338,964	1,164,365	3,282,388
Allocated liabilities	60,602,094	60,876,149	10,966,852	15,149,748	14,092,813	161,687,656
Unallocated liabilities						48,280,105
Total insurance operations liabilities						209,967,761



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**SANAD COOPERATIVE INSURANCE AND REINSURANCE COMPANY**  
**(A Saudi Joint Stock Company)**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2013**  
*(Amount in Saudi Riyals)*

**9 SEGMENT INFORMATION (Continued)**

**c) Outstanding claims and other technical reserves**

	At 30 September 2013 (Unaudited)					
	Medical	Motor	Marine	Engineering	Others	Total
Outstanding claim reserve	8,116,919	26,637,169	5,156,972	11,187,874	2,732,368	53,831,302
IBNR reserve	7,156,753	4,402,945	1,863,494	1,741,136	2,029,199	17,193,527
ULAE reserve	578,948	974,824	229,335	264,987	216,582	2,264,676
<b>Total outstanding claims and other technical reserves</b>	<b>15,852,620</b>	<b>32,014,938</b>	<b>7,249,801</b>	<b>13,193,997</b>	<b>4,978,149</b>	<b>73,289,505</b>

	At 31 December 2012 (Audited)					
	Medical	Motor	Marine	Engineering	Others	Total
Outstanding claim reserve	22,785,934	26,238,939	4,819,580	6,363,181	4,077,591	64,285,225
IBNR reserve	11,343,460	6,222,926	1,863,494	1,741,136	2,637,315	23,808,331
ULAE reserve	930,118	974,824	229,335	264,987	216,582	2,615,846
<b>Total outstanding claims and other technical reserves</b>	<b>35,059,512</b>	<b>33,436,689</b>	<b>6,912,409</b>	<b>8,369,304</b>	<b>6,931,488</b>	<b>90,709,402</b>

**10 FAIR VALUES OF FINANCIAL INSTRUMENTS**

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 financial assets consist of cash and cash equivalents, receivables, investments and accrued income and its financial liabilities consist of payables.

Investments on the interim statement of financial position are carried at fair value. The Company is of the view that the fair value of the financial assets other than investments and financial liabilities are not significantly different from their carrying values since assets and liabilities are essentially short term in nature.

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

**Level 1:** Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

**Level 2:** Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

**Level 3:** Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).



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**SANAD COOPERATIVE INSURANCE AND REINSURANCE COMPANY**  
**(A Saudi Joint Stock Company)**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2013**  
*(Amount in Saudi Riyals)*

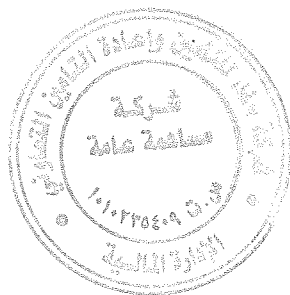
**10 FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)**

The table below analyses financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<i>Quoted investments</i>				
Equities	24,951,393	--	--	24,951,393
Other investments	--	17,962,337	--	17,962,337
Unquoted equities	--	--	1,923,078	1,923,078
	<u>24,951,393</u>	<u>17,962,337</u>	<u>1,923,078</u>	<u>44,836,808</u>

**11 APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS**

The interim condensed financial statements have been approved by the Board of Directors on 24 October 2013 corresponding to 19 Dhul Hijjah 1434.



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