
SAUDI REINSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

**INTERIM CONDENSED FINANCIAL STATEMENTS
AND AUDITORS' LIMITED REVIEW REPORT (UNAUDITED)
FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2012**

Saudi Reinsurance Company (A Saudi Joint Stock Company)

INTERIM CONDENSED FINANCIAL STATEMENTS AND AUDITORS' LIMITED REVIEW REPORT (UNAUDITED)
FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2012

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AUDITORS' 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 (the "Company") – A Saudi Joint Stock Company as at 30 September 2012, and the related interim statements of reinsurance operations and accumulated surplus, shareholders' operations and shareholders' comprehensive operations for the three and nine month periods then ended, the interim statements of changes in shareholders' equity, reinsurance operations' cash flows and shareholders' cash flows for the nine month period then ended and the notes which form an integral part of these interim condensed financial statements. These interim condensed financial statements are the responsibility of the Company's management and have been prepared by them in accordance with International Accounting Standard (IAS 34) "Interim Financial Reporting" and submitted to us together with all the information and explanations which we required. We conducted our limited review in accordance with the Standard on Review of Interim Financial Reporting issued by the Saudi Organization for Certified Public Accountants (SOCPA). A limited review consists principally of applying analytical procedures to financial data and information and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with Generally Accepted Auditing Standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

CONCLUSION

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

EMPHASIS OF A MATTER

We draw attention 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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Dhu Al-Qadah 30, 1433 H
October 16, 2012

Saudi Reinsurance Company (A Saudi Joint Stock Company)

INTERIM STATEMENT OF FINANCIAL POSITION

As At 30 September 2012

	Notes	30 September 2012 (Unaudited) SR	31 December 2011 (Audited) SR
REINSURANCE OPERATIONS' ASSETS			
Cash and cash equivalents	4	36,782,754	8,293,673
Investments held at fair value through income statement	7	57,731,427	44,644,961
Premiums receivable		26,645,186	19,126,852
Accrued insurance premiums		113,199,006	53,148,018
Retrocession balances receivable		4,704,371	-
Retroceded share of unearned premiums		8,933,542	24,836,358
Retroceded share of outstanding claims		50,821,029	86,634,442
Deferred acquisition costs		41,627,155	19,842,071
Deferred excess of loss premiums		17,485,259	10,316,395
Prepaid expenses and other assets		965,295	238,160
Due from shareholders' operations		-	14,017,816
Property and equipment, net		3,072,629	2,332,994
TOTAL REINSURANCE OPERATIONS' ASSETS		361,967,653	283,431,740
SHAREHOLDERS' ASSETS			
Cash and cash equivalents	4	389,733	140,053,940
Time deposits	5	37,500,000	258,438,845
Accrued special commission income from time deposits		803,940	1,900,346
Accrued special commission income from bonds and sukuk		4,336,700	2,987,001
Investments held at fair value through income statement	7	604,227,858	256,000,702
Held to maturity investments	8	208,831,643	209,791,799
Due from reinsurance operations		10,282,554	-
Statutory deposit	6	100,000,000	100,000,000
Other assets		3,926,194	3,036,627
TOTAL SHAREHOLDERS' ASSETS		970,298,622	972,209,260
TOTAL ASSETS		1,332,266,275	1,255,641,000
REINSURANCE OPERATIONS' LIABILITIES AND SURPLUS			
Accounts payable		33,369,101	2,486,081
Retrocession balances payable		-	22,236,201
Accrued retroceded premiums		7,306,936	14,196,773
Gross unearned premiums		155,543,269	81,351,095
Gross outstanding claims		142,771,681	146,505,565
Unearned commission income		2,461,657	6,926,491
Due to shareholders' operations		10,282,554	-
Accrued expenses and other liabilities		8,491,336	8,790,916
Employees' end of service benefits		1,223,845	938,618
TOTAL REINSURANCE OPERATIONS' LIABILITIES		361,450,379	283,431,740
REINSURANCE OPERATIONS' SURPLUS			
Accumulated surplus		517,274	-
TOTAL REINSURANCE OPERATIONS' LIABILITIES AND SURPLUS		361,967,653	283,431,740
SHAREHOLDERS' LIABILITIES AND EQUITY			
SHAREHOLDERS' LIABILITIES			
Provision for zakat and income tax		25,629,617	25,163,344
Due to reinsurance operations		-	14,017,816
Other liabilities		3,926,194	3,036,627
TOTAL SHAREHOLDERS' LIABILITIES		29,555,811	42,217,787
SHAREHOLDERS' EQUITY			
Share capital		1,000,000,000	1,000,000,000
Statutory reserve		6,070,924	6,070,924
Accumulated deficit		(65,328,113)	(76,079,451)
TOTAL SHAREHOLDERS' EQUITY		940,742,811	929,991,473
TOTAL SHAREHOLDERS' LIABILITIES AND EQUITY		970,298,622	972,209,260
TOTAL REINSURANCE OPERATIONS' LIABILITIES AND SURPLUS AND SHAREHOLDERS' LIABILITIES AND EQUITY		1,332,266,275	1,255,641,000

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

Saudi Reinsurance Company (A Saudi Joint Stock Company)

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

FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2012

Notes	For The Three Month Period Ended		For The Nine Month Period Ended	
	30 September 2012	30 September 2011	30 September 2012	30 September 2011
	SR	SR	SR	SR
Gross written premiums	81,666,180	55,282,520	219,827,174	153,976,466
Retroceded premiums	(3,977,476)	(5,954,714)	(4,573,663)	(57,224,878)
Excess of loss expenses	(5,892,468)	(5,365,995)	(16,535,010)	(6,939,823)
Net written premiums	71,796,236	43,961,811	198,718,501	89,811,765
Change in net unearned premiums	(23,729,279)	(28,430,117)	(90,094,990)	(49,994,791)
Net earned premiums	48,066,957	15,531,694	108,623,511	39,816,974
Net claims paid	9 (8,723,145)	(5,167,895)	(25,052,475)	(13,024,827)
Change in net outstanding claims	(17,565,817)	(13,696,013)	(32,079,529)	(27,511,600)
Gross acquisition costs	(14,908,317)	(9,463,227)	(35,807,061)	(25,382,656)
Commissions on retroceded business	1,767,874	4,888,533	5,577,105	15,179,522
Supervision and inspection fees	(408,331)	(276,413)	(1,099,136)	(924,485)
Net underwriting results	8,229,221	(8,183,321)	20,162,415	(11,847,072)
Realized gains on investments held at fair value through income statement	7 37,860	-	47,688	-
Unrealized gains on investments held at fair value through income statement	7 138,011	62,398	405,720	216,123
Other income	10 606,194	-	6,231,194	-
General and administrative expenses	(7,438,862)	(6,406,945)	(21,454,308)	(27,181,278)
Board of directors' remunerations and expenses	10 (54,859)	(55,419)	(219,970)	(273,091)
Net surplus/(deficit) from reinsurance operations	1,517,565	(14,583,287)	5,172,739	(39,085,318)
Shareholders' appropriation from reinsurance operations' (surplus)/deficit	(1,365,808)	14,583,287	(4,655,465)	39,085,318
Reinsurance operations' surplus after shareholders' appropriation	151,757	-	517,274	-
Accumulated surplus at the beginning of the period	365,517	-	-	-
Accumulated surplus at the end of the period	517,274	-	517,274	-

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

Saudi Reinsurance Company (A Saudi Joint Stock Company)

INTERIM STATEMENT OF SHAREHOLDERS' OPERATIONS (UNAUDITED)

FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2012

	Notes	For The Three Month Period Ended		For The Nine Month Period Ended	
		30 September 2012	30 September 2011	30 September 2012	30 September 2011
		SR	SR	SR	SR
Special commission income from time deposits		276,691	1,930,688	2,122,045	7,113,233
Special commission income from bonds and sukuk		2,439,178	2,320,854	7,275,603	6,932,029
Realized gains on investments held at fair value through income statement	7	514,558	760,694	933,008	830,874
Unrealized gains on investments held at fair value through income statement	7	10,188,058	332,965	12,150,493	2,032,186
Foreign exchange translation gains / (losses)		484,088	(1,199,719)	(358,412)	292,728
Other expenses		(150,048)	(19,019)	(516,460)	(19,019)
Shareholders' appropriation from reinsurance operations' surplus / (deficit)		1,365,808	(14,583,287)	4,655,465	(39,085,318)
Net income / (loss) for the period		15,118,333	(10,456,824)	26,261,742	(21,903,287)
Basic and diluted earnings / (loss) per share for the period	12	0.1512	(0.1046)	0.2626	(0.2190)
Weighted average number of issued shares during the period		100,000,000	100,000,000	100,000,000	100,000,000

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

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Saudi Reinsurance Company (A Saudi Joint Stock Company)

INTERIM STATEMENT OF SHAREHOLDERS' COMPREHENSIVE OPERATIONS (UNAUDITED)
FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2012

	For The Three Month Period Ended		For The Nine Month Period Ended	
	30 September 2012 SR	30 September 2011 SR	30 September 2012 SR	30 September 2011 SR
Net income / (loss) for the period	15,118,333	(10,456,824)	26,261,742	(21,903,287)
Other comprehensive expenses:				
Zakat and income tax	(5,395,270)	(4,985,050)	(15,510,404)	(15,292,981)
Total comprehensive income / (loss) for the period	9,723,063	(15,441,874)	10,751,338	(37,196,268)

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

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Saudi Reinsurance Company (A Saudi Joint Stock Company)

INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED) FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2012

	GCC Founding Shareholders and General Public			Non – GCC Founding Shareholders			Total			Total SR
	Share capital	Statutory reserve	Accumulated deficit	Share capital	Statutory reserve	Retained earnings / (Accumulated deficit)	Share capital	Statutory reserve	Accumulated deficit	
	SR	SR	SR	SR	SR	SR	SR	SR	SR	
Balance as at 1 January 2011	941,000,000	5,712,740	(22,731,362)	59,000,000	358,184	1,075,236	1,000,000,000	6,070,924	(21,656,126)	984,414,798
Net loss for the period	-	-	(20,610,993)	-	-	(1,292,294)	-	-	(21,903,287)	(21,903,287)
Zakat and income tax	-	-	(15,292,981)	-	-	-	-	-	(15,292,981)	(15,292,981)
Balance as at 30 September 2011	941,000,000	5,712,740	(58,635,336)	59,000,000	358,184	(217,058)	1,000,000,000	6,070,924	(58,652,394)	947,218,530
Balance as at 1 January 2012	941,000,000	5,712,740	(75,130,640)	59,000,000	358,184	(948,811)	1,000,000,000	6,070,924	(76,079,451)	929,991,473
Net income for the period	-	-	24,712,299	-	-	1,549,443	-	-	26,261,742	26,261,742
Zakat and income tax	-	-	(15,277,988)	-	-	(232,416)	-	-	(15,510,404)	(15,510,404)
Balance as at 30 September 2012	941,000,000	5,712,740	(65,696,329)	59,000,000	358,184	368,216	1,000,000,000	6,070,924	(65,328,113)	940,742,811

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

Saudi Reinsurance Company (A Saudi Joint Stock Company)

INTERIM STATEMENT OF REINSURANCE OPERATIONS' CASH FLOWS (UNAUDITED) FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2012

	For The Nine Month Period Ended	
	30 September 2012 SR	30 September 2011 SR
OPERATING ACTIVITIES		
Reinsurance operations' surplus after shareholders' appropriation	517,274	-
Adjustments for:		
Employees' end of service benefits	483,165	450,539
Depreciation	506,784	665,720
Realized gains on investments held at fair value through income statement	(47,688)	-
Unrealized gains on investments held at fair value through income statement	(405,720)	(216,123)
Gains from disposal of property and equipment	-	(146,695)
Shareholders' appropriation from reinsurance operations' surplus / (deficit)	4,655,465	(39,085,318)
Operating profit / (deficit) before changes in operating assets and liabilities	5,709,280	(38,331,877)
Changes in operating assets and liabilities:		
Premiums receivable	(7,518,334)	(10,310,281)
Accrued insurance premiums	(60,050,988)	(50,040,559)
Retrocession balances receivable	(4,704,371)	-
Retroceded share of unearned premiums	15,902,816	(7,353,892)
Retroceded share of outstanding claims	35,813,413	(57,719,741)
Deferred acquisition costs	(21,785,084)	(14,432,387)
Deferred excess of loss premiums	(7,168,864)	(14,454,950)
Prepaid expenses and other assets	(727,135)	(812,115)
Due from / to shareholders' operations, net	19,644,905	36,180,503
Accounts payable	30,883,020	-
Retrocession balances payable	(22,236,201)	6,058,922
Accrued retroceded premiums	(6,889,837)	9,877,135
Gross unearned premiums	74,192,174	57,348,683
Gross outstanding claims	(3,733,884)	85,231,341
Unearned commission income	(4,464,834)	1,527,671
Accrued expenses and other liabilities	(299,580)	(345,314)
Employees' end of service benefits paid	(197,938)	(610,260)
Net cash from operating activities	42,368,558	1,812,879
INVESTING ACTIVITIES		
Purchase of property and equipment	(1,246,419)	(588,290)
Proceeds from disposal of property and equipment	-	150,000
Additions in investments held at fair value through income statement	(46,235,000)	-
Proceeds from investments held at fair value through income statement	33,601,942	-
Net cash used in investing activities	(13,879,477)	(438,290)
NET CHANGE IN CASH AND CASH EQUIVALENTS	28,489,081	1,374,589
Cash and cash equivalents at the beginning of the period	8,293,673	3,935,529
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	36,782,754	5,310,118
Non - cash transactions:		
Transfer of investments held at fair value through income statement from shareholders' operations	-	26,734,062

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

Saudi Reinsurance Company (A Saudi Joint Stock Company)
INTERIM STATEMENT OF SHAREHOLDERS' CASH FLOWS (UNAUDITED)
FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2012

	For The Nine Month Period Ended	
	30 September 2012 SR	30 September 2011 SR
OPERATING ACTIVITIES		
Net income / (loss) for the period	26,261,742	(21,903,287)
Adjustments for:		
Realized gains on investments held at fair value through income statement	(933,008)	(830,874)
Unrealized gains on investments held at fair value through income statement	(12,150,493)	(2,032,186)
Shareholders' appropriation from reinsurance operations' (surplus) / deficit	(4,655,465)	39,085,318
Operating profit before changes in operating assets and liabilities	8,522,776	14,318,971
Changes in operating assets and liabilities:		
Due from / to reinsurance operations, net	(19,644,905)	(36,180,503)
Other assets	(889,567)	(940,510)
Other liabilities	889,567	940,510
Zakat and income tax paid	(15,044,131)	(16,313,938)
Net cash used in operating activities	(26,166,260)	(38,175,470)
INVESTING ACTIVITIES		
Proceeds from investments held at fair value through income statement	292,328,554	145,841,640
Accrued special commission income from time deposits	1,096,406	1,806,656
Accrued special commission income from bonds and sukuk	(1,349,699)	(1,254,668)
Additions in investments held at fair value through income statement	(627,472,209)	(257,179,893)
Time deposits, net	220,938,845	148,128,316
Held to maturity investments	960,156	316,756
Net cash (used in) / from investing activities	(113,497,947)	37,658,807
NET CHANGE IN CASH AND CASH EQUIVALENTS	(139,664,207)	(516,663)
Cash and cash equivalents at the beginning of the period	140,053,940	1,168,051
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	389,733	651,388
Non - cash transactions:		
Transfer of investments held at fair value through income statement to reinsurance operations	-	26,734,062



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

Saudi Reinsurance Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2012

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, Kingdom of Saudi Arabia.

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

2. BASIS OF PREPARATION

The interim condensed financial statements for the three and nine month periods ended 30 September 2012 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 annual financial statements as at 31 December 2011.

In management's opinion, the interim condensed financial statements reflect all adjustments (which include normal recurring adjustments) necessary to present fairly the results of operations for the interim periods presented. The Company's interim results may not be indicative of its annual results.

3. NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS

The accounting policies used in the preparation of these interim condensed financial statements are consistent with those used in the preparation of the annual financial statements as of and for the year ended December 31, 2011, except for the adoption of amendments and revisions to existing standards as mentioned below which had no significant financial impact on the interim condensed financial statements of the Company:

- a) Amendment to IFRS 7 - Financial instruments: Transfers of financial assets:
This amendment is effective from 1 July 2011 and requires additional disclosures in respect of risk exposures arising from transferred financial assets. The amendment includes a requirement to disclose by class of asset the nature, carrying amount and a description of the risks and rewards of financial assets that have been transferred to another party yet remain on the entity's balance sheet. Disclosures are also required to enable a user to understand the amount of any associated liabilities, and the relationship between the financial assets and associated liabilities.
- b) Amendment to IAS 12, 'Income taxes' on deferred tax (effective 1 January 2012):
Currently IAS 12, 'Income taxes', requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. It can be difficult and subjective to assess whether recovery will be through use or through sale when the asset is measured using the fair value model in IAS 40 Investment Property. Hence this amendment introduces an exception to the existing principle for the measurement of deferred tax assets or liabilities arising on investment property measured at fair value. As a result of the amendments, SIC 21, 'Income taxes- recovery of revalued non-depreciable assets', would no longer apply to investment properties carried at fair value. The amendments also incorporate into IAS 12 the remaining guidance previously contained in SIC 21, which has been withdrawn.

The Company has chosen not to early adopt the following new standards and amendments, which are effective for the Company's financial years starting 2013 and thereafter:

- IAS 1 Amendment – Presentation of items of other comprehensive income
- IFRS 10 – Consolidated financial statements
- IFRS 11 – Joint arrangements
- IFRS 12 – Disclosure of interests in other entities
- IFRS 13 – Fair value measurement
- IAS 19 (revised 2011) – Employee benefits
- IAS 27 (revised 2011) – Separate financial statements
- IAS 28 (revised 2011) – Investments in associates and joint ventures
- Amendments to IAS 32 and IFRS 7 – Financial instruments: Disclosures on offsetting financial assets and liabilities

In addition to the above, the Company has chosen not to early adopt the amendments to the basis for conclusions on IAS 1, 16, 32, and 34 which are effective starting 2013. In addition, the Company has chosen not to early adopt IFRS 9 (2010) – Financial instruments, which has been published, but will not be effective until January 1, 2015.

The management is currently assessing the implication of the above standards and amendments on the Company and the timing of adoption.

Saudi Reinsurance Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (Continued) FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2012

4. CASH AND CASH EQUIVALENTS

	30 September 2012 (Unaudited)		31 December 2011 (Audited)	
	Reinsurance operations SR	Shareholders' operations SR	Reinsurance operations SR	Shareholders' operations SR
Cash in hand	5,000	-	-	-
Cash at banks	36,777,754	389,733	8,293,673	53,940
Murabaha deposit	-	-	-	140,000,000
	36,782,754	389,733	8,293,673	140,053,940

Murabaha deposits represent deposits with banks with maturity period of three months or less from the date of original acquisition. Such deposits earn special commission at an average rate of Nil % per annum as at 30 September 2012 (31 December 2011: 2.17% per annum).

Cash at banks and murabaha deposits are placed with counterparties that have good credit ratings.

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

5. TIME DEPOSITS

Time deposits represent deposits with banks with maturity period of more than three months from the date of original acquisition. Such deposits earn special commission at an average rate of 2.5% per annum as at 30 September 2012 (31 December 2011: 2.19% per annum).

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

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

6. STATUTORY DEPOSIT

The Company has deposited an amount of SR 100 million (31 December 2011: SR 100 million) with a local bank representing the statutory deposit of 10% of its paid-up capital as required by the Implementing Regulations of the "Law On Supervision of Cooperative Insurance Companies" issued by the Saudi Arabian Monetary Agency. This statutory deposit cannot be withdrawn without the consent of the Saudi Arabian Monetary Agency.

7. INVESTMENTS HELD AT FAIR VALUE THROUGH INCOME STATEMENT

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

	30 September 2012 (Unaudited)		31 December 2011 (Audited)	
	Reinsurance operations SR	Shareholders' operations SR	Reinsurance operations SR	Shareholders' operations SR
Funds	57,731,427	238,568,270	44,644,961	126,079,764
Equity Portfolios	-	134,137,177	-	29,927,604
Bond Portfolios	-	206,522,411	-	99,993,334
Sukuk	-	25,000,000	-	-
	57,731,427	604,227,858	44,644,961	256,000,702

Saudi Reinsurance Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (Continued) FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2012

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

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

	For The Nine Month Period Ended 30 September 2012 (Unaudited)		For The Year Ended 31 December 2011 (Audited)	
	Reinsurance operations SR	Shareholders' operations SR	Reinsurance operations SR	Shareholders' operations SR
Opening balance	44,644,961	256,000,702	-	307,400,220
Additions	46,235,000	627,472,209	17,600,000	442,173,227
Disposals	(33,601,942)	(292,328,554)	-	(470,851,315)
Transfer from shareholders' operations to reinsurance operations	-	-	26,741,870	(26,741,870)
Unrealized gains	405,720	12,150,493	303,091	552,211
Realized gains	47,688	933,008	-	3,468,229
Ending balance	57,731,427	604,227,858	44,644,961	256,000,702

Investments under shareholders' operations include SR 12 million as at 30 September 2012 (31 December 2011: SR 113 million) cash deposits with Saudi banks. These funds are placed by the Company with the assets managers and are independently operated by them. These funds are expected to be invested in the subsequent periods.

8. HELD TO MATURITY INVESTMENTS

The held to maturity investments represent debt instruments with a 4 to 10 year time horizon yielding an average special commission of 4.37% per annum (31 December 2011: 4.41% per annum).

9. NET CLAIMS PAID

	For The Three Month Period Ended (Unaudited)		For The Nine Month Period Ended (Unaudited)	
	30 September 2012 SR	30 September 2011 SR	30 September 2012 SR	30 September 2011 SR
Gross claims paid	36,705,531	10,550,926	73,128,748	29,546,782
Retroceded share of claims paid	(27,982,386)	(5,383,031)	(48,076,273)	(16,521,955)
Net claims paid	8,723,145	5,167,895	25,052,475	13,024,827

Saudi Reinsurance Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (Continued) FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2012

10. RELATED PARTY TRANSACTIONS AND BALANCES

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

Related party	Nature of transactions	Amounts of transactions for the nine month period ended		Balance as at	
		30 September 2012 (Unaudited)	30 September 2011 (Unaudited)	30 September 2012 (Unaudited)	31 December 2011 (Audited)
		SR	SR	SR	SR
Board of directors	Consulting fees	274,026	177,989	-	-
	Remunerations	-	-	257,130	257,130
	Expenses	150,003	151,250	138,503	129,500
Key management personnel	Short term benefits	6,841,817	10,658,739	1,965,750	2,448,500
	End of service benefits	228,063	228,125	286,543	383,727

In June 2012, a founding member of the Company paid SR 5.6 million to the Company on account of severance dues paid by the Company, in 2011, to the previous chief executive officer (CEO) of the Company. The payment in 2011 by the Company, to the previous CEO, was recognized in the reinsurance operations and accordingly the recovery of this amount has been recognized as other income.

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

Saudi Reinsurance Company (A Saudi Joint Stock Company)

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

FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2012

11. SEGMENTAL INFORMATION

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

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

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

Segment liabilities do not include accrued expenses and other liabilities, due to shareholders' operations and employees' end of service benefits.

11.1 Business segments

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

	Engineering SR	Fire SR	Marine SR	Motor SR	Life SR	Health SR	Others SR	Total SR
For the three month period ended 30 September 2012 (Unaudited)								
Reinsurance operations' results								
Gross written premiums	21,430,360	31,340,066	11,128,800	7,336,402	3,518,199	1,500,150	5,412,203	81,666,180
Retroceded premiums	(1,855,015)	(1,709,210)	(395,951)	-	-	-	(17,300)	(3,977,476)
Excess of loss expenses	(1,435,555)	(3,225,866)	(832,816)	(46,631)	-	-	(351,600)	(5,892,468)
Net written premiums	18,139,790	26,404,990	9,900,033	7,289,771	3,518,199	1,500,150	5,043,303	71,796,236
Change in net unearned premiums	(8,581,207)	(5,387,570)	(4,043,416)	(4,492,771)	(1,045,201)	(1,122,030)	942,916	(23,729,279)
Net earned premiums	9,558,583	21,017,420	5,856,617	2,797,000	2,472,998	378,120	5,986,219	48,066,957
Net claims paid	(632,368)	(6,400,795)	(1,033,037)	(496,490)	(403,001)	-	242,546	(8,723,145)
Change in net outstanding claims	(4,401,383)	(3,432,580)	(2,994,381)	(805,399)	(167,977)	(94,530)	(5,669,567)	(17,565,817)
Gross acquisition costs	(4,125,924)	(6,867,560)	(2,243,824)	(507,481)	(146,457)	-	(1,017,071)	(14,908,317)
Commissions on retroceded business	836,212	726,591	129,159	-	-	-	75,912	1,767,874
Supervision and inspection fees	(107,152)	(156,701)	(55,644)	(36,682)	(17,591)	(7,501)	(27,060)	(408,331)
Net underwriting results	1,127,968	4,886,375	(341,110)	950,948	1,737,972	276,089	(409,021)	8,229,221
Other items:								
Depreciation	43,637	63,826	22,937	16,266	7,337	3,458	9,278	166,739

Saudi Reinsurance Company (A Saudi Joint Stock Company)

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

FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2012

11. SEGMENTAL INFORMATION (continued)

11.1 Business segments (continued)

	Engineering SR	Fire SR	Marine SR	Motor SR	Life SR	Health SR	Others SR	Total SR
For the three month period ended 30 September 2011 (Unaudited)								
Reinsurance operations' results								
Gross written premiums	14,816,416	23,599,110	8,192,018	1,804,476	708,629	1,725,108	4,436,763	55,282,520
Retroceded premiums	(2,167,709)	(3,128,942)	(341,531)	-	(924)	-	(315,608)	(5,954,714)
Excess of loss expenses	(1,511,767)	(2,405,990)	(952,558)	(37,815)	-	-	(457,865)	(5,365,995)
Net written premiums	11,136,940	18,064,178	6,897,929	1,766,661	707,705	1,725,108	3,663,290	43,961,811
Change in net unearned premiums	(8,844,621)	(11,820,294)	(4,668,373)	670,131	2,544	(1,291,474)	(2,478,030)	(28,430,117)
Net earned premiums	2,292,319	6,243,884	2,229,556	2,436,792	710,249	433,634	1,185,260	15,531,694
Net claims paid	(83,655)	(1,382,692)	(435,706)	(3,229,090)	-	-	(36,752)	(5,167,895)
Change in net outstanding claims	(1,079,108)	(12,893,030)	(768,678)	1,555,393	(92,820)	-	(417,770)	(13,696,013)
Gross acquisition costs	(2,343,001)	(4,421,678)	(1,667,574)	(464,324)	-	-	(566,650)	(9,463,227)
Commissions on retroceded business	1,491,197	2,424,107	707,594	-	122	-	265,513	4,888,533
Supervision and inspection fees	(74,082)	(117,995)	(40,960)	(9,022)	(3,544)	(8,626)	(22,184)	(276,413)
Net underwriting results	203,670	(10,147,404)	24,232	289,749	614,007	425,008	407,417	(8,183,321)
Other items:								
Depreciation	47,338	73,449	25,579	2,534	2,358	7,459	15,403	174,120

Saudi Reinsurance Company (A Saudi Joint Stock Company)

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

FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2012

11. SEGMENTAL INFORMATION (continued)

11.1 Business segments (continued)

	Engineering SR	Fire SR	Marine SR	Motor SR	Life SR	Health SR	Others SR	Total SR
For the nine month period ended 30 September 2012 (Unaudited)								
Reinsurance operations' results								
Gross written premiums	58,448,197	85,394,945	28,576,020	11,484,626	8,486,912	1,500,150	25,936,324	219,827,174
Retroceded premiums	(3,038,755)	(1,108,086)	(649,573)	-	393	-	222,358	(4,573,663)
Excess of loss expenses	(4,838,380)	(7,878,579)	(2,227,983)	(121,029)	-	-	(1,469,039)	(16,535,010)
Net written premiums	50,571,062	76,408,280	25,698,464	11,363,597	8,487,305	1,500,150	24,689,643	198,718,501
Change in net unearned premiums	(29,870,059)	(28,591,231)	(10,305,772)	(5,543,845)	(3,030,299)	(264,190)	(12,489,594)	(90,094,990)
Net earned premiums	20,701,003	47,817,049	15,392,692	5,819,752	5,457,006	1,235,960	12,200,049	108,623,511
Net claims paid	(1,596,768)	(16,347,303)	(2,375,042)	(3,759,117)	(768,348)	-	(205,897)	(25,052,475)
Change in net outstanding claims	(9,547,428)	(6,473,080)	(6,822,474)	(901,121)	(244,345)	(267,299)	(7,823,782)	(32,079,529)
Gross acquisition costs	(10,062,526)	(15,739,513)	(6,313,060)	(984,315)	(290,073)	-	(2,417,574)	(35,807,061)
Commissions on retroceded business	2,607,682	2,046,246	726,195	-	-	-	196,982	5,577,105
Supervision and inspection fees	(292,241)	(426,975)	(142,880)	(57,423)	(42,435)	(7,501)	(129,681)	(1,099,136)
Net underwriting results	1,809,722	10,876,424	465,431	117,776	4,111,805	961,160	1,820,097	20,162,415
Other items:								
Depreciation	134,746	196,867	65,878	26,476	19,566	3,458	59,793	506,784

Saudi Reinsurance Company (A Saudi Joint Stock Company)

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

FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2012

11. SEGMENTAL INFORMATION (continued)

11.1 Business segments (continued)

	Engineering SR	Fire SR	Marine SR	Motor SR	Life SR	Health SR	Others SR	Total SR
For the nine month period ended 30 September 2011 (Unaudited)								
Reinsurance operations' results								
Gross written premiums	40,245,581	67,067,600	23,155,648	9,814,728	1,781,726	1,725,108	10,186,075	153,976,466
Retroceded premiums	(17,170,200)	(29,085,043)	(8,101,674)	(141)	(31,918)	-	(2,835,902)	(57,224,878)
Excess of loss expenses	(1,948,729)	(3,023,297)	(1,094,489)	(144,606)	-	-	(728,702)	(6,939,823)
Net written premiums	21,126,652	34,959,260	13,959,485	9,669,981	1,749,808	1,725,108	6,621,471	89,811,765
Change in net unearned premiums	(14,808,560)	(20,057,476)	(7,344,977)	(2,151,842)	(449,313)	(1,291,474)	(3,891,149)	(49,994,791)
Net earned premiums	6,318,092	14,901,784	6,614,508	7,518,139	1,300,495	433,634	2,730,322	39,816,974
Net claims paid	(458,545)	(5,184,158)	(880,607)	(6,304,283)	(119,865)	-	(77,369)	(13,024,827)
Change in net outstanding claims	(2,386,498)	(18,684,581)	(2,657,627)	(2,787,481)	(132,112)	-	(863,301)	(27,511,600)
Gross acquisition costs	(6,039,925)	(11,033,967)	(5,170,426)	(1,500,007)	(29)	-	(1,638,302)	(25,382,656)
Commissions on retroceded business	4,244,276	7,098,673	2,904,103	(1,154)	1,101	-	932,523	15,179,522
Supervision and inspection fees	(251,203)	(407,814)	(136,673)	(53,702)	(8,909)	(8,626)	(57,558)	(924,485)
Net underwriting results	1,426,197	(13,310,063)	673,278	(3,128,488)	1,040,681	425,008	1,026,315	(11,847,072)
Other items:								
Depreciation	174,002	289,968	100,114	42,434	7,703	7,459	44,040	665,720

Saudi Reinsurance Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (Continued)
FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2012

11. SEGMENTAL INFORMATION (continued)

11.1 Business segments (continued)

	Engineering SR	Fire SR	Marine SR	Motor SR	Life SR	Health SR	Others SR	Total SR
Reinsurance operations As at 30 September 2012 (Unaudited)								
Segment assets	83,043,055	107,358,599	34,304,962	11,839,575	9,474,512	214,058	17,180,787	263,415,548
Segment liabilities	89,233,111	165,540,990	33,786,445	17,565,337	5,618,928	1,647,837	28,059,996	341,452,644
Reinsurance operations As at 31 December 2011 (Audited)								
Segment assets	52,199,391	98,470,269	29,081,849	11,809,507	6,176,517	2,311,943	13,854,660	213,904,136
Segment liabilities	66,792,016	125,998,171	37,211,839	15,110,919	7,903,196	2,958,259	17,727,806	273,702,206

Saudi Reinsurance Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (Continued) FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2012

11. SEGMENTAL INFORMATION (Continued)

11.2 Geographical segments

	Kingdom of Saudi Arabia SR	Other Middle Eastern Countries SR	Africa SR	Emerging Markets SR	Total SR
For the three month period ended 30 September 2012 (Unaudited)					
Reinsurance operations' results					
Gross written premiums	52,135,391	22,143,730	6,068,869	1,318,190	81,666,180
Retroceded premiums	(3,577,845)	(245,216)	(154,415)	-	(3,977,476)
Excess of loss expenses	(3,999,233)	(1,786,299)	(106,936)	-	(5,892,468)
Net written premiums	44,558,313	20,112,215	5,807,518	1,318,190	71,796,236
Change in net unearned premiums	(12,832,362)	(11,913,584)	(3,974,278)	4,990,945	(23,729,279)
Net earned premiums	31,725,951	8,198,631	1,833,240	6,309,135	48,066,957
Net claims paid	(9,781,602)	538,988	(103,169)	622,638	(8,723,145)
Change in net outstanding claims	(2,436,405)	(9,814,767)	969,855	(6,284,500)	(17,565,817)
Gross acquisition costs	(10,468,853)	(2,730,918)	(454,133)	(1,254,413)	(14,908,317)
Commissions on retroceded business	1,518,693	217,982	31,199	-	1,767,874
Supervision and inspection fees	(260,677)	(110,719)	(30,345)	(6,590)	(408,331)
Net underwriting results	10,297,107	(3,700,803)	2,246,647	(613,730)	8,229,221
Other items:					
Depreciation	105,158	48,049	13,532	-	166,739

	Kingdom of Saudi Arabia SR	Other Middle Eastern Countries SR	Africa SR	Emerging Markets SR	Total SR
For the three month period ended 30 September 2011 (Unaudited)					
Reinsurance operations' results					
Gross written premiums	42,367,760	11,735,378	1,179,382	-	55,282,520
Retroceded premiums	(4,287,782)	(1,196,961)	(469,971)	-	(5,954,714)
Excess of loss expenses	(4,157,736)	(1,138,600)	(69,659)	-	(5,365,995)
Net written premiums	33,922,242	9,399,817	639,752	-	43,961,811
Change in net unearned premiums	(21,250,181)	(6,956,947)	(222,989)	-	(28,430,117)
Net earned premiums	12,672,061	2,442,870	416,763	-	15,531,694
Net claims paid	(4,965,416)	(188,866)	(13,613)	-	(5,167,895)
Change in net outstanding claims	(12,583,069)	(1,201,344)	88,400	-	(13,696,013)
Gross acquisition costs	(7,600,838)	(1,607,174)	(255,215)	-	(9,463,227)
Commissions on retroceded business	3,885,271	827,984	175,278	-	4,888,533
Supervision and inspection fees	(211,839)	(58,676)	(5,898)	-	(276,413)
Net underwriting results	(8,803,830)	214,794	405,715	-	(8,183,321)
Other items:					
Depreciation	128,165	42,810	3,145	-	174,120

Saudi Reinsurance Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (Continued) FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2012

11. SEGMENTAL INFORMATION (Continued)

11.2 Geographical segments (Continued)

	Kingdom of Saudi Arabia SR	Other Middle Eastern Countries SR	Africa SR	Emerging Markets SR	Total SR
For the nine month period ended 30 September 2012 (Unaudited)					
Reinsurance operations' results					
Gross written premiums	135,904,362	41,393,798	9,014,921	33,514,093	219,827,174
Retroceded premiums	(3,551,205)	(809,403)	(213,055)	-	(4,573,663)
Excess of loss expenses	(10,541,507)	(2,994,265)	(259,383)	(2,739,855)	(16,535,010)
Net written premiums	121,811,650	37,590,130	8,542,483	30,774,238	198,718,501
Change in net unearned premiums	(47,099,402)	(16,842,931)	(5,137,657)	(21,015,000)	(90,094,990)
Net earned premiums	74,712,248	20,747,199	3,404,826	9,759,238	108,623,511
Net claims paid	(24,226,807)	(6,096)	(1,394,814)	575,242	(25,052,475)
Change in net outstanding claims	(11,819,968)	(15,749,420)	4,585,133	(9,095,274)	(32,079,529)
Gross acquisition costs	(25,539,174)	(6,638,264)	(935,546)	(2,694,077)	(35,807,061)
Commissions on retroceded business	4,479,193	961,608	136,304	-	5,577,105
Supervision and inspection fees	(679,522)	(206,969)	(45,075)	(167,570)	(1,099,136)
Net underwriting results	16,925,970	(891,942)	5,750,828	(1,622,441)	20,162,415
Other items:					
Depreciation	311,332	95,428	20,783	79,241	506,784

	Kingdom of Saudi Arabia SR	Other Middle Eastern Countries SR	Africa SR	Emerging Markets SR	Total SR
For the nine month period ended 30 September 2011 (Unaudited)					
Reinsurance operations' results					
Gross written premiums	126,033,253	23,792,852	4,150,361	-	153,976,466
Retroceded premiums	(46,318,357)	(8,685,038)	(2,221,483)	-	(57,224,878)
Excess of loss expenses	(5,432,571)	(1,342,259)	(164,993)	-	(6,939,823)
Net written premiums	74,282,325	13,765,555	1,763,885	-	89,811,765
Change in net unearned premiums	(41,009,907)	(8,213,017)	(771,867)	-	(49,994,791)
Net earned premiums	33,272,418	5,552,538	992,018	-	39,816,974
Net claims paid	(12,498,770)	(499,023)	(27,034)	-	(13,024,827)
Change in net outstanding claims	(25,217,275)	(2,138,575)	(155,750)	-	(27,511,600)
Gross acquisition costs	(20,884,361)	(3,820,932)	(677,363)	-	(25,382,656)
Commissions on retroceded business	12,372,995	2,332,683	473,844	-	15,179,522
Supervision and inspection fees	(630,166)	(240,025)	(54,294)	-	(924,485)
Net underwriting results	(13,585,159)	1,186,666	551,421	-	(11,847,072)
Other items:					
Depreciation	544,907	102,869	17,944	-	665,720

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (Continued) FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2012

11. SEGMENTAL INFORMATION (Continued)

11.2 Geographical segments (Continued)

	Kingdom of Saudi Arabia SR	Other Middle Eastern Countries SR	Africa SR	Emerging Markets SR	Total SR
Reinsurance operations As at 30 September 2012 (Unaudited)					
Segment assets	180,712,370	49,544,573	10,393,759	22,764,846	263,415,548
Segment liabilities	235,958,056	60,095,622	15,288,691	30,110,275	341,452,644

Reinsurance operations

As at 31 December 2011 (Audited)

Segment assets	165,756,870	41,525,298	6,621,968	-	213,904,136
Segment liabilities	212,095,109	53,133,922	8,473,175	-	273,702,206

12. BASIC AND DILUTED EARNINGS / (LOSS) PER SHARE

Earnings / (loss) per share for the three and nine month periods ended 30 September 2012 and 2011 have been calculated by dividing net income / (loss) for the period by the weighted average number of ordinary issued and outstanding shares at the end of the period.

13. COMPARATIVE FIGURES

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

14. APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

These interim condensed financial statements have been approved by the Board of Directors on Dhu Al-Qadah 30, 1433 corresponding to October 16, 2012.