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

**INTERIM CONDENSED FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITORS' REVIEW REPORT (UNAUDITED)  
FOR THE THREE MONTH PERIOD AND YEAR ENDED 31 DECEMBER 2011**

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

**INTERIM CONDENSED FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REVIEW REPORT (UNAUDITED)**  
For The Three Month Period and Year Ended 31 December 2011

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

**SCOPE OF REVIEW**

We have reviewed the accompanying interim statement of financial position of Saudi Reinsurance Company (the "Company") – A Saudi Joint Stock Company as at 31 December 2011, and the related interim statements of reinsurance operations, shareholders' operations, shareholders' comprehensive operations for the three month period and year then ended and the interim statements of changes in shareholders' equity, reinsurance operations and shareholders' cash flows for the year then ended and the notes which form an integral part of these interim condensed financial statements. These interim condensed financial statements are the responsibility of the Company's management and have been prepared by them in accordance with International Accounting Standard (IAS 34) "Interim Financial Reporting" and submitted to us together with all the information and explanations which we required. We conducted our limited review in accordance with the Standard on Review of Interim Financial Reporting issued by the Saudi Organization for Certified Public Accountants (SOCPA). A limited review consists principally of applying analytical procedures to financial data and information and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with Generally Accepted Auditing Standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

**CONCLUSION**

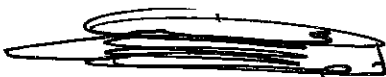
Based on our limited review, we are not aware of any material modifications that should be made to the accompanying interim condensed financial statements for them to be in conformity with International Accounting Standard (IAS 34).

**EMPHASIS OF A MATTER**

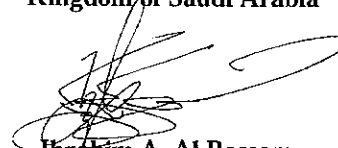
We draw attention that these interim condensed financial statements are prepared in accordance with International Accounting Standard (IAS 34) and not in accordance with the Standard on Interim Financial Reporting issued by SOCPA.

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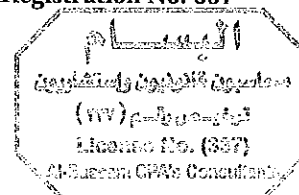
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27 Safar 1433 H  
21 January 2012

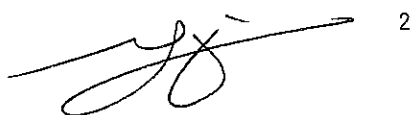
# Saudi Reinsurance Company (A Saudi Joint Stock Company)

## INTERIM STATEMENT OF FINANCIAL POSITION

As At 31 December 2011

	Notes	31 December 2011 (Unaudited) SR	31 December 2010 (Audited) SR
<b>REINSURANCE OPERATIONS' ASSETS</b>			
Cash and cash equivalents	4	8,293,673	3,935,529
Investments held at fair value through income statement	7	44,644,961	-
Premiums receivable		19,126,852	10,641,763
Accrued insurance premiums		53,148,018	28,750,649
Retroceded share of unearned premiums		24,836,358	34,253,299
Retroceded share of outstanding claims		86,634,442	39,410,609
Deferred acquisition costs		19,842,071	14,352,440
Deferred excess of loss premiums		10,316,395	1,105,136
Prepaid expenses and other assets		238,160	329,975
Due from shareholders' operations		14,017,816	26,734,061
Property and equipment, net		2,332,994	2,345,905
<b>TOTAL REINSURANCE OPERATIONS' ASSETS</b>		<b>283,431,740</b>	<b>161,859,366</b>
<b>SHAREHOLDERS' ASSETS</b>			
Cash and cash equivalents	4	140,053,940	1,168,051
Time deposits	5	258,438,845	403,925,060
Accrued special commission income from time deposits		1,900,346	5,697,284
Accrued special commission income from bonds		2,987,001	2,996,077
Investments held at fair value through income statement	7	256,000,702	307,400,220
Held to maturity investments	8	209,791,799	211,322,003
Statutory deposit	6	100,000,000	100,000,000
Other assets		3,036,627	1,757,379
<b>TOTAL SHAREHOLDERS' ASSETS</b>		<b>972,209,260</b>	<b>1,034,266,074</b>
<b>TOTAL ASSETS</b>		<b>1,255,641,000</b>	<b>1,196,125,440</b>
<b>REINSURANCE OPERATIONS' LIABILITIES</b>			
Retrocession balances payable		24,722,282	15,362,298
Accrued retroceded premiums		14,196,773	16,024,650
Gross unearned premiums		81,351,095	54,120,481
Gross outstanding claims		146,505,565	57,170,229
Unearned commission income		6,926,491	10,409,218
Accrued expenses and other liabilities		8,790,916	7,825,791
Employees' end of service benefits		938,618	946,699
<b>TOTAL REINSURANCE OPERATIONS' LIABILITIES</b>		<b>283,431,740</b>	<b>161,859,366</b>
<b>SHAREHOLDERS' LIABILITIES AND EQUITY</b>			
<b>SHAREHOLDERS' LIABILITIES</b>			
Provision for zakat and income tax		25,163,344	21,359,836
Due to reinsurance operations		14,017,816	26,734,061
Other liabilities		3,036,627	1,757,379
<b>TOTAL SHAREHOLDERS' LIABILITIES</b>		<b>42,217,787</b>	<b>49,851,276</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital		1,000,000,000	1,000,000,000
Statutory reserve		6,070,924	6,070,924
Accumulated deficit		(76,079,451)	(21,656,126)
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>929,991,473</b>	<b>984,414,798</b>
<b>TOTAL SHAREHOLDERS' LIABILITIES AND EQUITY</b>		<b>972,209,260</b>	<b>1,034,266,074</b>
<b>TOTAL REINSURANCE OPERATIONS' LIABILITIES AND SHAREHOLDERS' LIABILITIES AND EQUITY</b>		<b>1,255,641,000</b>	<b>1,196,125,440</b>

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



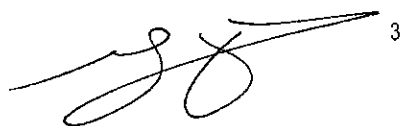

**Saudi Reinsurance Company (A Saudi Joint Stock Company)**

**INTERIM STATEMENT OF REINSURANCE OPERATIONS**

For The Three Month Period and Year Ended 31 December 2011

	Notes	For The Three Month Period Ended		For The Year Ended	
		31 December 2011 (Unaudited) SR	31 December 2010 (Unaudited) SR	31 December 2011 (Unaudited) SR	31 December 2010 (Audited) SR
Gross premiums written		5,632,918	14,339,909	159,609,384	107,475,185
Retroceded premiums		2,139,337	(8,284,826)	(55,085,541)	(66,982,564)
Excess of loss expenses		(6,050,302)	(502,531)	(12,990,125)	(1,622,871)
<b>Net premiums written</b>		<b>1,721,953</b>	<b>5,552,552</b>	<b>91,533,718</b>	<b>38,869,950</b>
Change in net unearned premiums		13,347,236	4,540,304	(36,647,555)	(11,387,977)
<b>Net premiums earned</b>		<b>15,069,189</b>	<b>10,092,856</b>	<b>54,886,163</b>	<b>27,481,973</b>
Net claims paid	9	(3,315,688)	(2,896,509)	(16,340,515)	(8,221,921)
Change in net outstanding claims		(14,599,903)	218,809	(42,111,503)	(10,963,958)
Gross acquisition costs		(8,724,854)	(7,062,866)	(34,107,510)	(20,784,687)
Commissions on retroceded business		4,411,475	5,039,926	19,590,997	15,822,756
Supervision and inspection fees		(28,165)	(66,810)	(952,650)	(429,006)
<b>Net underwriting results</b>		<b>(7,187,946)</b>	<b>5,325,406</b>	<b>(19,035,018)</b>	<b>2,905,157</b>
Unrealized gains on investments held at fair value through income statement	7	86,968	-	303,091	-
General and administrative expenses		(9,086,992)	(6,714,774)	(36,268,270)	(24,250,978)
Board of directors' remunerations and expenses	10	(11,259)	445,127	(284,350)	(589,635)
<b>Net deficit from reinsurance operations results</b>		<b>(16,199,229)</b>	<b>(944,241)</b>	<b>(55,284,547)</b>	<b>(21,935,456)</b>
Net deficit transferred to the interim statement of shareholders' operations		16,199,229	944,241	55,284,547	21,935,456
<b>Net result for the period / year</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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**

For The Three Month Period and Year Ended 31 December 2011

	Notes	For The Three Month Period Ended		For The Year Ended	
		31 December 2011 (Unaudited) SR	31 December 2010 (Unaudited) SR	31 December 2011 (Unaudited) SR	31 December 2010 (Audited) SR
Special commission income from time deposits		1,511,968	3,128,864	8,625,201	12,165,258
Special commission income from bonds		2,313,447	2,330,107	9,245,476	8,190,186
Realized gains on investments held at fair value through income statement	7	2,637,355	873,450	3,468,229	1,654,717
Unrealized (losses) / gains on investments held at fair value through income statement	7	(1,479,975)	286,653	552,211	2,915,876
Foreign exchange translation (losses) / gains		(906,738)	386,923	(614,010)	(2,907,372)
Other expenses		(279,420)	(3,119)	(298,439)	(26,932)
Net deficit transferred from reinsurance operations results		(16,199,229)	(944,241)	(55,284,547)	(21,935,456)
<b>Net (loss) / income for the period / year</b>		<b>(12,402,592)</b>	<b>6,058,637</b>	<b>(34,305,879)</b>	<b>56,277</b>
<b>Basic and diluted (loss) / income per share for the period / year</b>	12	<b>(0.124)</b>	<b>0.061</b>	<b>(0.343)</b>	<b>0.001</b>
<b>Weighted average number of issued shares during the period / year</b>		<b>100,000,000</b>	<b>100,000,000</b>	<b>100,000,000</b>	<b>100,000,000</b>

The accompanying notes 1 to 14 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 2011

	For The Three Month Period Ended		For The Year Ended	
	31 December 2011 (Unaudited) SR	31 December 2010 (Unaudited) SR	31 December 2011 (Unaudited) SR	31 December 2010 (Audited) SR
Net (loss) / income for the period / year	(12,402,592)	6,058,637	(34,305,879)	56,277
Other comprehensive expenses:				
Zakat and income tax	(4,824,465)	(5,418,353)	(20,117,446)	(21,274,079)
Total comprehensive (loss) / income for the period / year	(17,227,057)	640,284	(54,423,325)	(21,217,802)

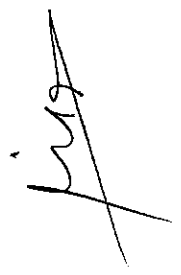
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**Saudi Reinsurance Company (A Saudi Joint Stock Company)**  
**INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**For The Year Ended 31 December 2011**

	GCC Founding Shareholders and general public			Non – GCC Founding Shareholders			Total			
	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	
<b>(AUDITED)</b>										
Balance as at 1 January 2010	941,000,000	5,712,740	(1,510,904)	59,000,000	358,184	1,072,580	1,000,000,000	6,070,924	(438,324)	1,005,632,600
Net Income for the year	-	-	52,957	-	-	3,320	-	-	56,277	56,277
Zakat and income tax	-	-	(21,273,415)	-	-	(664)	-	-	(21,274,079)	(21,274,079)
Balance as at 31 December 2010	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
<b>(UNAUDITED)</b>										
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 year	-	-	(32,281,832)	-	-	(2,024,047)	-	-	(34,305,879)	(34,305,879)
Zakat and income tax	-	-	(20,117,446)	-	-	-	-	-	(20,117,446)	(20,117,446)
Balance as at 31 December 2011	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

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

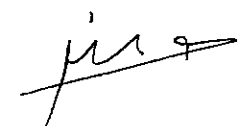





**Saudi Reinsurance Company (A Saudi Joint Stock Company)**  
**INTERIM STATEMENT OF REINSURANCE OPERATIONS' CASH FLOWS**  
For The Year Ended 31 December 2011

	31 December 2011 (Unaudited) SR	31 December 2010 (Audited) SR
<b>OPERATING ACTIVITIES</b>		
Net result for the Year	-	-
Adjustments for:		
Employees' end of service benefits	602,179	363,072
Depreciation	836,093	1,010,071
Unrealized gains on investments held at fair value through income Statement	(303,091)	-
Gains from disposal of property and equipment	(146,695)	-
Operating profit before changes in operating assets and liabilities	988,486	1,373,143
<b>Changes in operating assets and liabilities:</b>		
Premiums receivable	(8,485,089)	2,470,531
Accrued insurance premiums	(24,397,369)	(16,494,279)
Retroceded share of unearned premiums	9,416,941	(14,285,130)
Retroceded share of outstanding claims	(47,223,833)	(24,150,608)
Deferred acquisition costs	(5,489,631)	(6,865,661)
Deferred excess of loss premiums	(9,211,259)	(398,897)
Prepaid expenses and other assets	91,815	262,195
Due from shareholders' operations	(14,025,625)	(14,977,927)
Retrocession balances payable	9,359,984	(1,881,107)
Accrued retroceded premiums	(1,827,877)	7,983,006
Gross unearned premiums	27,230,614	25,673,107
Gross outstanding claims	89,335,336	35,114,566
Unearned commission income	(3,482,727)	4,280,642
Accrued expenses and other liabilities	965,125	3,326,605
Employees' end of service benefits paid	(610,260)	(26,322)
<b>Net cash from operating activities</b>	<b>22,634,631</b>	<b>1,403,864</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(826,487)	(185,045)
Proceeds from disposal of property and equipment	150,000	-
Investments held at fair value through income statement	(17,600,000)	-
<b>Net cash used in investing activities</b>	<b>(18,276,487)</b>	<b>(185,045)</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>4,358,144</b>	<b>1,218,819</b>
Cash and cash equivalents at the beginning of the year	3,935,529	2,716,710
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>8,293,673</b>	<b>3,935,529</b>
<b>Non - cash transactions:</b>		
Transfer of investments held at fair value through income statement from shareholders' operations	26,741,870	-

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**

For The Year Ended 31 December 2011

	31 December 2011 (Unaudited) SR	31 December 2010 (Audited) SR
<b>OPERATING ACTIVITIES</b>		
Net (loss) / income for the year	(34,305,879)	56,277
Adjustments for:		
Realized gains on investments held at fair value through income statement	(3,468,229)	(1,654,717)
Unrealized gains on investments held at fair value through income Statement	(552,211)	(2,915,876)
Operating deficit before changes in operating assets and liabilities	(38,326,319)	(4,514,316)
<b>Changes in operating assets and liabilities:</b>		
Due to reinsurance operations	14,025,625	14,977,927
Other assets	(1,279,248)	(1,076,545)
Other liabilities	1,279,248	1,076,545
Zakat and income tax paid	(16,313,938)	(24,116,243)
<b>Net cash used in operating activities</b>	<b>(40,614,632)</b>	<b>(13,652,632)</b>
<b>INVESTING ACTIVITIES</b>		
Proceeds from investments held at fair value through income statement	470,851,315	794,003,090
Accrued special commission income from time deposits	3,796,938	160,339
Accrued special commission income from bonds	9,076	(1,810,870)
Investments held at fair value through income statement	(442,173,227)	(523,200,000)
Time deposits, net	145,486,215	(160,661,455)
Held to maturity investments	1,530,204	(95,615,725)
<b>Net cash from investing activities</b>	<b>179,500,521</b>	<b>12,875,379</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>138,885,889</b>	<b>(777,253)</b>
Cash and cash equivalents at the beginning of the year	1,168,051	1,945,304
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>140,053,940</b>	<b>1,168,051</b>
<b>Non - cash transactions:</b>		
Transfer of investments held at fair value through income statement to reinsurance operations	(26,741,870)	-

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 Month Period and Year Ended 31 December 2011

**1. ORGANIZATION AND PRINCIPAL ACTIVITIES**

Saudi Reinsurance Company (the "Company") is a Saudi joint stock company registered in the Kingdom of Saudi Arabia under commercial registration number 1010250125 dated 12 Jumad Al-Awal 1429H (corresponding to 17 May 2008). The address of the Company's registered office is at P.O. Box 300259, Riyadh 11372, 6<sup>th</sup> Floor, 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 month period and year ended 31 December 2011 have been prepared in accordance with IAS 34 - Interim Financial Reporting.

The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's financial statements as at 31 December 2010.

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

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

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

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

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

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

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

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

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

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

For The Three Month Period and Year Ended 31 December 2011

#### 4. CASH AND CASH EQUIVALENTS

	31 December 2011 (Unaudited)		31 December 2010 (Audited)	
	Reinsurance operations SR	Shareholders' operations SR	Reinsurance operations SR	Shareholders' operations SR
Cash on hand	-	-	-	6,252
Cash at banks	8,293,673	53,940	3,935,529	1,161,799
Time deposits	-	140,000,000	-	-
	<u>8,293,673</u>	<u>140,053,940</u>	<u>3,935,529</u>	<u>1,168,051</u>

The time 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 a rate of 2.17% per annum (31 December 2010: Nil).

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

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

#### 5. TIME DEPOSITS

The time deposits represent deposits with banks with maturity period of more than three months from the date of original acquisition. Such deposits earn special commission at a rate of 2.19% per annum (31 December 2010: 3.91% per annum).

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

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

#### 6. STATUTORY DEPOSIT

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

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

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

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

	For the Year Ended 31 December 2011 (Unaudited)		For the Year Ended 31 December 2010 (Audited)	
	SR		SR	
	Reinsurance operations	Shareholders' operations	Reinsurance operations	Shareholders' operations
Opening balance	-	307,400,220	-	573,632,717
Additions	17,600,000	442,173,227	-	523,200,000
Disposals	-	(470,851,315)	-	(794,003,090)
Transfer from shareholders' operations to reinsurance operations	26,741,870	(26,741,870)	-	-
Unrealized gains	303,091	552,211	-	2,915,876
Realized gains	-	3,468,229	-	1,654,717
<b>Ending balance</b>	<u>44,644,961</u>	<u>256,000,702</u>	<u>-</u>	<u>307,400,220</u>

Investments under shareholders' operations include 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 early 2012.

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

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

For The Three Month Period and Year Ended 31 December 2011

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

The resulting effect of disposal of units in investment funds during the three month period and year ended 31 December 2011 and 2010 on the realized gains in the interim statement of shareholders' operations is as follows:

	For the Three Month Period Ended 31 December SR		For the Year Ended 31 December SR	
	2011	2010	2011	2010
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Proceeds from disposal of units	325,009,675	100,000,000	470,851,315	794,003,090
Less: Historical cost of disposed units	(321,306,163)	(99,126,550)	(464,752,138)	(786,479,293)
	3,703,512	873,450	6,099,177	7,523,797
Less: Accumulated unrealized gains for disposed units which were recognized in previous periods in the interim statement of shareholders' operations	(1,066,157)	-	(2,630,948)	(5,869,080)
<b>Realized gains from disposed units for the period / year</b>	<b>2,637,355</b>	<b>873,450</b>	<b>3,468,229</b>	<b>1,654,717</b>

#### 8. HELD TO MATURITY INVESTMENTS

The held to maturity investments represent debt instruments with a 4 to 10 year time horizon yielding an average special commission of 4.41% per annum (31 December 2010: 4.35% per annum).

#### 9. NET CLAIMS PAID

	For the Three Month Period Ended 31 December SR		For the Year Ended 31 December SR	
	2011	2010	2011	2010
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Gross claims paid	(9,530,654)	(7,347,912)	(39,077,436)	(21,669,997)
Retroceded share of claims paid	6,214,966	4,451,403	22,736,921	13,448,076
<b>Net claims paid</b>	<b>(3,315,688)</b>	<b>(2,896,509)</b>	<b>(16,340,515)</b>	<b>(8,221,921)</b>

#### 10. RELATED PARTY TRANSACTIONS AND BALANCES

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

Related party	Nature of transactions	Amount of transactions for the Year Ended		Balance as at 31 December 2011 (Unaudited) SR	Balance as at 31 December 2010 (Audited) SR
		31 December 2011 (Unaudited) SR	31 December 2010 (Audited) SR		
		Board of directors	Consulting fees		
	Remunerations	-	2,962	257,130	257,130
	Expenses	284,350	586,673	129,500	132,000
Key management personnel	Short term benefits	13,307,693	8,974,970	2,448,500	4,500,000
	End of service benefits	306,467	280,076	383,727	647,609

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 Month Period and Year Ended 31 December 2011**

**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 unrealized gains on investments held at fair value through income statement, general and administrative expenses, and board of directors' remunerations and expenses.

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

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

**11.1 Business segments**

**For the three month period ended  
31 December 2011 (Unaudited)**

	Engineering SR	Fire SR	Marine SR	Motor SR	Life SR	Health SR	Others SR	Total SR
<b>Reinsurance operations' results</b>								
Gross premiums written	(1,295,831)	6,408,207	(1,455,572)	(1,002,799)	2,827,021	-	151,892	5,632,918
Retroceded premiums	823,338	(52,981)	1,025,866	-	(196)	-	343,310	2,139,337
Excess of loss expenses	(1,562,271)	(3,337,502)	(742,008)	(67,704)	-	-	(340,817)	(6,050,302)
<b>Net premiums written</b>	<b>(2,034,764)</b>	<b>3,017,724</b>	<b>(1,171,714)</b>	<b>(1,070,503)</b>	<b>2,826,825</b>	<b>-</b>	<b>154,385</b>	<b>1,721,953</b>
Change in net unearned premiums	5,705,068	2,936,221	2,798,121	2,396,263	(1,784,421)	433,633	862,351	13,347,236
<b>Net premiums earned</b>	<b>3,670,304</b>	<b>5,953,945</b>	<b>1,626,407</b>	<b>1,325,760</b>	<b>1,042,404</b>	<b>433,633</b>	<b>1,016,736</b>	<b>15,069,189</b>
Net claims paid	(111,074)	(1,009,871)	(301,059)	(1,499,672)	(356,267)	-	(37,745)	(3,315,688)
Change in net outstanding claims	(2,897,782)	(10,925,115)	(945,882)	416,746	21,562	(258,508)	(10,924)	(14,599,903)
Gross acquisition costs	(3,151,608)	(3,794,795)	(1,107,409)	(249,207)	(32,800)	-	(389,035)	(8,724,854)
Commissions on retroceded business	1,928,457	1,923,028	402,917	1,175	44	-	155,854	4,411,475
Supervision and inspection fees	6,480	(32,041)	7,278	5,014	(14,135)	-	(761)	(28,165)
<b>Net underwriting results</b>	<b>(555,223)</b>	<b>(7,884,849)</b>	<b>(317,748)</b>	<b>(184)</b>	<b>660,808</b>	<b>175,125</b>	<b>734,125</b>	<b>(7,187,946)</b>
<b>Other items:</b>								
Depreciation	30,031	94,925	13,559	3,726	16,439	1,578	10,115	170,373

During the fourth quarter of 2011, the Company revised its estimated gross premium upon receipt of actual information from cedants. In some business segments, this has resulted in negative net premiums written.

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

For The Three Month Period and Year Ended 31 December 2011

**11. SEGMENTAL INFORMATION (continued)**

**11.1 Business segments (continued)**

For the three month period ended  
 31 December 2010 (Unaudited)

	Engineering SR	Fire SR	Marine SR	Motor SR	Life SR	Health SR	Others SR	Total SR
<b>Reinsurance operations' results</b>								
Gross premiums written	4,341,431	6,228,153	582,146	3,413,723	-	-	(225,544)	14,339,909
Retroceded premiums	(3,408,814)	(4,377,334)	(349,916)	-	-	-	(148,762)	(8,284,826)
Excess of loss expenses	(183,176)	(174,300)	(92,192)	(65,039)	-	-	12,176	(502,531)
<b>Net premiums written</b>	749,441	1,676,519	140,038	3,348,684	-	-	(362,130)	5,552,552
Change in net unearned premiums	863,936	1,398,003	1,398,754	59,997	-	-	819,614	4,540,304
<b>Net premiums earned</b>	1,613,377	3,074,522	1,538,792	3,408,681	-	-	457,484	10,092,856
Net claims paid	(182,101)	(1,389,881)	(256,516)	(968,674)	-	-	(99,337)	(2,896,509)
Change in net outstanding claims	216,192	1,862,134	(319,950)	(1,659,102)	-	-	119,535	218,809
Gross acquisition costs	(1,684,728)	(2,727,152)	(1,571,363)	(770,670)	-	-	(308,953)	(7,062,866)
Commissions on retroceded business	1,413,920	2,231,356	1,158,270	4,439	-	-	231,941	5,039,926
Supervision and inspection fees	(15,021)	(26,552)	(6,399)	(17,068)	-	-	(1,770)	(66,810)
<b>Net underwriting results</b>	1,361,639	3,024,427	542,834	(2,394)	-	-	398,900	5,325,406

**Other items:**

Depreciation	74,289	108,392	20,249	40,113	-	-	5,507	248,550
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**Saudi Reinsurance Company (A Saudi Joint Stock Company)**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued)**

For The Three Month Period and Year Ended 31 December 2011

11. SEGMENTAL INFORMATION (continued)

11.1 Business segments (continued)

For the year ended  
 31 December 2011 (Unaudited)

Reinsurance operations' results

	Engineering SR	Fire SR	Marine SR	Motor SR	Life SR	Health SR	Others SR	Total SR
Gross premiums written	38,949,750	73,475,807	21,700,076	8,811,929	4,608,747	1,725,108	10,337,967	159,609,384
Retroceded premiums	(16,346,862)	(29,138,024)	(7,075,808)	(141)	(32,114)	-	(2,492,592)	(55,085,541)
Excess of loss expenses	(3,511,000)	(6,360,799)	(1,836,497)	(212,310)	-	-	(1,069,519)	(12,990,125)
<b>Net premiums written</b>	19,091,888	37,976,984	12,787,771	8,599,478	4,576,633	1,725,108	6,775,856	91,533,718
Change in net unearned premiums	(9,103,492)	(17,121,255)	(4,546,856)	244,421	(2,233,734)	(857,841)	(3,028,798)	(36,647,555)
<b>Net premiums earned</b>	9,988,396	20,855,729	8,240,915	8,843,899	2,342,899	867,267	3,747,058	54,886,163
Net claims paid	(569,619)	(6,194,029)	(1,181,666)	(7,803,955)	(476,132)	-	(115,114)	(16,340,515)
Change in net outstanding claims	(5,284,280)	(29,609,696)	(3,603,509)	(2,370,735)	(110,550)	(258,508)	(874,225)	(42,111,503)
Gross acquisition costs	(9,191,533)	(14,828,762)	(6,277,835)	(1,749,214)	(32,829)	-	(2,027,337)	(34,107,510)
Commissions on retroceded business	6,172,733	9,021,701	3,307,020	21	1,145	-	1,088,377	19,590,997
Supervision and inspection fees	(244,723)	(439,855)	(129,395)	(48,688)	(23,044)	(8,626)	(58,319)	(952,650)
<b>Net underwriting results</b>	870,974	(21,194,912)	355,530	(3,128,672)	1,701,489	600,133	1,760,440	(19,035,018)

Other items:  
 Depreciation

	204,033	384,893	113,673	46,160	24,142	9,037	54,155	836,093
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**Saudi Reinsurance Company (A Saudi Joint Stock Company)**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued)**

For The Three Month Period and Year Ended 31 December 2011

**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
<b>For the year ended</b>								
<b>31 December 2010 (Audited)</b>								
<b>Reinsurance operations' results</b>								
Gross premiums written	31,752,280	47,040,027	12,678,517	9,986,761	-	-	6,017,600	107,475,185
Retroceded premiums	(22,761,334)	(32,631,275)	(7,850,675)	(117,399)	-	-	(3,621,881)	(66,982,564)
Excess of loss expenses	(512,847)	(665,145)	(237,675)	(144,093)	-	-	(62,911)	(1,622,671)
<b>Net premiums written</b>	<b>8,478,099</b>	<b>13,743,607</b>	<b>4,590,167</b>	<b>9,725,269</b>	<b>-</b>	<b>-</b>	<b>2,332,808</b>	<b>38,869,950</b>
Change in net unearned premiums	(4,368,060)	(3,621,741)	(753,251)	(2,042,454)	-	-	(602,471)	(11,387,977)
<b>Net premiums earned</b>	<b>4,110,039</b>	<b>10,121,866</b>	<b>3,836,916</b>	<b>7,682,815</b>	<b>-</b>	<b>-</b>	<b>1,730,337</b>	<b>27,481,973</b>
Net claims paid	(288,456)	(4,793,378)	(463,958)	(2,481,576)	-	-	(194,553)	(8,221,921)
Change in net outstanding claims	(1,124,923)	(6,364,476)	(835,998)	(2,336,153)	-	-	(302,408)	(10,963,958)
Gross acquisition costs	(4,553,223)	(9,552,462)	(3,979,494)	(1,559,985)	-	-	(1,139,523)	(20,784,687)
Commissions on retroceded business	3,895,152	8,011,024	3,021,453	17,610	-	-	877,517	15,822,756
Supervision and inspection fees	(121,766)	(184,666)	(51,878)	(46,235)	-	-	(24,461)	(429,006)
<b>Net underwriting results</b>	<b>1,916,823</b>	<b>(2,762,092)</b>	<b>1,527,041</b>	<b>1,276,476</b>	<b>-</b>	<b>-</b>	<b>946,909</b>	<b>2,905,157</b>
<b>Other items:</b>								
Depreciation	298,414	442,090	119,155	93,857	-	-	56,555	1,010,071

**As at 31 December 2011 (Unaudited)**

	Engineering SR	Fire SR	Marine SR	Motor SR	Life SR	Health SR	Others SR	Total SR
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	17,727,807	273,702,206
<b>As at 31 December 2010 (Audited)</b>								
Segment assets	37,967,920	56,248,306	15,160,389	11,941,710	-	-	7,195,571	128,513,896
Segment liabilities	45,227,718	67,003,474	18,059,188	14,225,070	-	-	8,571,426	153,086,876

# Saudi Reinsurance Company (A Saudi Joint Stock Company)

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

For The Three Month Period and Year Ended 31 December 2011

### 11. SEGMENTAL INFORMATION (continued)

#### 11.2 Geographical segments

	Kingdom of Saudi Arabia SR	Other Middle Eastern Countries SR	Africa SR	Total SR
<b>For the three month period ended 31 December 2011 (Unaudited)</b>				
<b>Reinsurance operations' results</b>				
Gross premiums written	(2,350,035)	7,192,183	790,770	5,632,918
Retroceded premiums	2,494,324	(288,193)	(66,794)	2,139,337
Excess of loss expenses	(4,217,484)	(1,652,336)	(180,482)	(6,050,302)
<b>Net premiums written</b>	<b>(4,073,195)</b>	<b>5,251,654</b>	<b>543,494</b>	<b>1,721,953</b>
Change in net unearned premiums	15,439,246	(2,000,887)	(91,123)	13,347,236
<b>Net premiums earned</b>	<b>11,366,051</b>	<b>3,250,767</b>	<b>452,371</b>	<b>15,069,189</b>
Net claims paid	(2,633,906)	(252,001)	(429,781)	(3,315,688)
Change in net outstanding claims	(12,870,695)	7,329,716	(9,058,924)	(14,599,903)
Gross acquisition costs	(6,849,720)	(1,578,152)	(296,982)	(8,724,854)
Commissions on retroceded business	3,446,196	762,989	202,290	4,411,475
Supervision and inspection fees	11,750	(35,961)	(3,954)	(28,165)
<b>Net underwriting results</b>	<b>(7,530,324)</b>	<b>9,477,358</b>	<b>(9,134,980)</b>	<b>(7,187,946)</b>
<b>Other items:</b>				
Depreciation	102,991	59,442	7,940	170,373

	Kingdom of Saudi Arabia SR	Other Middle Eastern Countries SR	Africa SR	Total SR
<b>For the three month period ended 31 December 2010 (Unaudited)</b>				
<b>Reinsurance operations' results</b>				
Gross premiums written	13,361,977	119,700	858,232	14,339,909
Retroceded premiums	(7,234,292)	(419,501)	(631,033)	(8,284,826)
Excess of loss expenses	(368,760)	(120,791)	(12,980)	(502,531)
<b>Net premiums written</b>	<b>5,758,925</b>	<b>(420,592)</b>	<b>214,219</b>	<b>5,552,552</b>
Change in net unearned premiums	3,123,254	1,391,646	25,404	4,540,304
<b>Net premiums earned</b>	<b>8,882,179</b>	<b>971,054</b>	<b>239,623</b>	<b>10,092,856</b>
Net claims paid	(2,701,506)	(185,182)	(9,821)	(2,896,509)
Change in net outstanding claims	(912,810)	601,340	530,279	218,809
Gross acquisition costs	(6,099,000)	(734,989)	(228,877)	(7,062,866)
Commissions on retroceded business	4,263,026	574,839	202,061	5,039,926
Supervision and inspection fees	(66,810)	-	-	(66,810)
<b>Net underwriting results</b>	<b>3,365,079</b>	<b>1,227,062</b>	<b>733,265</b>	<b>5,325,406</b>
<b>Other items:</b>				
Depreciation	213,946	23,800	10,804	248,550

# Saudi Reinsurance Company (A Saudi Joint Stock Company)

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

For The Three Month Period and Year Ended 31 December 2011

### 11. SEGMENTAL INFORMATION (continued)

#### 11.2 Geographical segments (continued)

	Kingdom of Saudi Arabia SR	Other Middle Eastern Countries SR	Africa SR	Total SR
<b>For the year ended</b>				
<b>31 December 2011 (Unaudited)</b>				
<b>Reinsurance operations' results</b>				
Gross premiums written	123,683,218	30,985,035	4,941,131	159,609,384
Retroceded premiums	(43,824,033)	(8,973,231)	(2,288,277)	(55,085,541)
Excess of loss expenses	(9,650,055)	(2,994,595)	(345,475)	(12,990,125)
<b>Net premiums written</b>	<b>70,209,130</b>	<b>19,017,209</b>	<b>2,307,379</b>	<b>91,533,718</b>
Change in net unearned premiums	(25,570,661)	(10,213,904)	(862,990)	(36,647,555)
<b>Net premiums earned</b>	<b>44,638,469</b>	<b>8,803,305</b>	<b>1,444,389</b>	<b>54,886,163</b>
Net claims paid	(15,132,676)	(751,024)	(456,815)	(16,340,515)
Change in net outstanding claims	(29,057,570)	(3,839,259)	(9,214,674)	(42,111,503)
Gross acquisition costs	(27,734,081)	(5,399,084)	(974,345)	(34,107,510)
Commissions on retroceded business	15,819,191	3,095,672	676,134	19,590,997
Supervision and inspection fees	(618,416)	(275,986)	(58,248)	(952,650)
<b>Net underwriting results</b>	<b>(12,085,083)</b>	<b>1,633,624</b>	<b>(8,583,559)</b>	<b>(19,035,018)</b>
<b>Other items:</b>				
Depreciation	647,898	162,311	25,884	836,093

	Kingdom of Saudi Arabia SR	Other Middle Eastern Countries SR	Africa SR	Total SR
<b>For the year ended</b>				
<b>31 December 2010 (Audited)</b>				
<b>Reinsurance operations' results</b>				
Gross premiums written	85,695,162	18,680,339	3,099,684	107,475,185
Retroceded premiums	(52,709,569)	(11,975,874)	(2,297,121)	(66,982,564)
Excess of loss expenses	(1,238,713)	(344,020)	(39,938)	(1,622,671)
<b>Net premiums written</b>	<b>31,746,880</b>	<b>6,360,445</b>	<b>762,625</b>	<b>38,869,950</b>
Change in net unearned premiums	(9,075,398)	(2,329,568)	16,989	(11,387,977)
<b>Net premiums earned</b>	<b>22,671,482</b>	<b>4,030,877</b>	<b>779,614</b>	<b>27,481,973</b>
Net claims paid	(7,979,410)	(217,245)	(25,266)	(8,221,921)
Change in net outstanding claims	(7,694,330)	(1,038,240)	(2,231,388)	(10,963,958)
Gross acquisition costs	(17,157,560)	(2,777,851)	(849,276)	(20,784,687)
Commissions on retroceded business	12,850,328	2,267,910	704,518	15,822,756
Supervision and inspection fees	(429,006)	-	-	(429,006)
<b>Net underwriting results</b>	<b>2,261,504</b>	<b>2,265,451</b>	<b>(1,621,798)</b>	<b>2,905,157</b>
<b>Other items:</b>				
Depreciation	805,378	175,561	29,132	1,010,071

	Kingdom of Saudi Arabia SR	Other Middle Eastern Countries SR	Africa SR	Total SR
<b>As at 31 December 2011 (Unaudited)</b>				
<b>Reinsurance operations</b>				
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
<b>As at 31 December 2010 (Audited)</b>				
<b>Reinsurance operations</b>				
Segment assets	102,470,344	22,337,092	3,706,460	128,513,896
Segment liabilities	122,063,569	26,608,139	4,415,168	153,086,876

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

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

For The Three Month Period and Year Ended 31 December 2011

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

(Loss) / earnings per share for the three month period and year ended 31 December 2011 and 2010 has 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 period / year.

**13. COMPARATIVE FIGURES**

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

**14. APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS**

These interim condensed financial statements have been approved by the Board of Directors on 27 Safar 1433 H corresponding to 21 January 2012.