

---

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

**INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)  
AND INDEPENDENT AUDITORS' LIMITED REVIEW REPORT  
FOR THE THREE AND SIX MONTH PERIODS ENDED 30 JUNE 2013**

---

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

### **INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) AND INDEPENDENT AUDITORS' LIMITED REVIEW REPORT FOR THE THREE AND SIX MONTH PERIODS ENDED 30 JUNE 2013**

<b>INDEX</b>	<b>PAGES</b>
INDEPENDENT AUDITORS' LIMITED REVIEW REPORT	1
INTERIM STATEMENT OF FINANCIAL POSITION	2
INTERIM STATEMENT OF REINSURANCE OPERATIONS AND ACCUMULATED SURPLUS	3
INTERIM STATEMENT OF SHAREHOLDERS' OPERATIONS	4
INTERIM STATEMENT OF SHAREHOLDERS' COMPREHENSIVE OPERATIONS	5
INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	6
INTERIM STATEMENT OF REINSURANCE OPERATIONS' CASH FLOWS	7
INTERIM STATEMENT OF SHAREHOLDERS' CASH FLOWS	8
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS	9 - 21

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

We have reviewed the accompanying interim statement of financial position of Saudi Reinsurance Company (A Saudi Joint Stock Company) (the "Company") as at 30 June 2013 and the related interim statements of reinsurance operations and accumulated surplus, shareholders' operations and shareholders' comprehensive operations for the three and six month periods then ended and the interim statements of changes in shareholders' equity, reinsurance operations' cash flows and shareholders' cash flows for the six month period then ended and the related notes which form an integral part of these interim condensed financial statements. These interim condensed financial statements are the responsibility of the Company's management and have been prepared by them in accordance with International Accounting Standard – 34 "Interim Financial Reporting" (IAS 34) and submitted to us together with all the information and explanations which we required. We conducted our limited review in accordance with the Standard on Review of Interim Financial Reporting issued by the Saudi Organization for Certified Public Accountants ("SOCPA"). A limited review consists principally of applying analytical procedures to financial data and information and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

**CONCLUSION:**

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

**EMPHASIS OF A MATTER:**

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

**Ernst & Young  
P. O. Box 2732  
Riyadh 11461  
Kingdom of Saudi Arabia**

**Fahad M. Al-Toaimi  
Certified Public Accountant  
Registration No. 354**



**Al Bassam CPAs & Consultants  
P. O. Box 69658  
Riyadh 11557  
Kingdom of Saudi Arabia**

**Uthman A. Al Bassam  
Certified Public Accountant  
Registration No. 337**

9 Ramadan 1434H  
(17 July 2013)



# Saudi Reinsurance Company (A Saudi Joint Stock Company)

## INTERIM STATEMENT OF FINANCIAL POSITION

As at 30 JUNE 2013

	Notes	30 June 2013 (Unaudited) SR	31 December 2012 (Audited) SR
<b>REINSURANCE OPERATIONS' ASSETS</b>			
Cash and bank balances	4	4,284,658	582,850
Premiums receivable		63,124,648	27,607,624
Investments held at fair value through income statement	7	65,499,433	83,244,130
Accrued insurance premiums		173,328,273	91,900,865
Retrocession balances receivable		696,363	-
Retroceded share of unearned premiums		2,839,642	5,755,601
Retroceded share of outstanding claims		47,853,248	42,123,104
Deferred acquisition costs		67,981,350	32,506,462
Deferred excess of loss premiums		-	11,592,791
Prepaid expenses and other assets		1,686,355	967,944
Due from shareholders' operations		30,811,124	6,385,126
Property and equipment, net		7,603,466	5,303,065
<b>TOTAL REINSURANCE OPERATIONS' ASSETS</b>		<b>465,708,560</b>	<b>307,969,562</b>
<b>SHAREHOLDERS' ASSETS</b>			
Cash and bank balances	4	13,226,510	615,353
Time deposits	5	37,500,000	187,500,000
Accrued special commission income from time deposits		567,638	477,740
Accrued special commission income from bonds and sukuk		3,441,750	3,279,972
Investments held at fair value through income statement	7	605,966,885	445,743,014
Held to maturity investments	8	208,429,299	209,047,506
Prepaid expenses and other assets		4,914,017	4,282,585
Statutory deposit	6	100,000,000	100,000,000
Property and equipment		31,869,452	29,784,000
<b>TOTAL SHAREHOLDERS' ASSETS</b>		<b>1,005,915,551</b>	<b>980,730,170</b>
<b>TOTAL ASSETS</b>		<b>1,471,624,111</b>	<b>1,288,699,732</b>
<b>REINSURANCE OPERATIONS' LIABILITIES AND SURPLUS</b>			
Accounts payable		6,649,208	4,768,189
Retrocession balances payable		-	3,265,617
Accrued retroceded premiums		3,825,043	4,243,430
Gross unearned premiums		238,343,170	122,378,709
Gross outstanding claims		209,589,272	159,413,407
Unearned commission income		811,155	1,580,555
Accrued expenses and other liabilities		3,808,582	10,025,363
Employees' end of service benefits		1,429,609	1,362,215
<b>TOTAL REINSURANCE OPERATIONS' LIABILITIES</b>		<b>464,456,039</b>	<b>307,037,485</b>
<b>REINSURANCE OPERATIONS' SURPLUS</b>		<b>1,252,521</b>	<b>932,077</b>
<b>TOTAL REINSURANCE OPERATIONS' LIABILITIES AND SURPLUS</b>		<b>465,708,560</b>	<b>307,969,562</b>
<b>SHAREHOLDERS' LIABILITIES AND EQUITY</b>			
<b>SHAREHOLDERS' LIABILITIES</b>			
Accounts payable		2,347,133	1,000,000
Provision for zakat and income tax		25,841,956	30,086,812
Due to reinsurance operations		30,811,124	6,385,126
Accrued expenses and other liabilities		4,904,545	4,282,585
<b>TOTAL SHAREHOLDERS' LIABILITIES</b>		<b>63,904,758</b>	<b>41,754,523</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		(64,060,131)	(67,095,277)
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>942,010,793</b>	<b>938,975,647</b>
<b>TOTAL SHAREHOLDERS' LIABILITIES AND EQUITY</b>		<b>1,005,915,551</b>	<b>980,730,170</b>
<b>TOTAL REINSURANCE OPERATIONS' LIABILITIES AND SURPLUS AND SHAREHOLDERS' LIABILITIES AND EQUITY</b>		<b>1,471,624,111</b>	<b>1,288,699,732</b>

The accompanying notes 1 to 15 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 SIX MONTH PERIODS ENDED 30 JUNE 2013

	Notes	For the three month period ended		For the six month period ended	
		30 June 2013	30 June 2012 (Reclassified note 13)	30 June 2013	30 June 2012 (Reclassified note 13)
		SR	SR	SR	SR
Gross written premiums		47,511,588	48,370,949	266,588,009	138,160,994
Retroceded premiums		(1,763,317)	(66,790)	(2,904,198)	(596,187)
Excess of loss expenses		(6,466,342)	(5,370,895)	(12,230,712)	(10,642,542)
<b>Net written premiums</b>		<b>39,281,929</b>	<b>42,933,264</b>	<b>251,453,099</b>	<b>126,922,265</b>
Change in net unearned premiums		23,273,855	(8,571,744)	(118,880,417)	(66,365,711)
<b>Net earned premiums</b>		<b>62,555,784</b>	<b>34,361,520</b>	<b>132,572,682</b>	<b>60,556,554</b>
Net claims paid	9	(10,639,741)	(9,706,340)	(41,769,357)	(16,329,330)
Change in net outstanding claims		(35,918,485)	(7,657,063)	(44,445,720)	(14,513,712)
Gross acquisition costs		(14,394,899)	(10,577,004)	(33,934,563)	(20,898,744)
Commissions on retroceded business		1,654,856	1,340,556	2,304,020	3,809,231
Supervision and inspection fees		(237,558)	(241,854)	(1,332,940)	(690,805)
<b>Net underwriting results</b>		<b>3,019,957</b>	<b>7,519,815</b>	<b>13,394,122</b>	<b>11,933,194</b>
Realized (losses)/gains on investments held at fair value through income statement	7	(9,732)	3,775	31,939	7,674
Unrealized (losses)/gains on investments held at fair value through income statement	7	(436,731)	139,743	(268,993)	269,863
Other income		-	5,625,000	102,638	5,625,000
Investment management expenses		(65,807)	(33,183)	(79,943)	(33,183)
General and administrative expenses	13	(4,728,091)	(4,431,292)	(9,975,327)	(8,094,556)
<b>Net (deficit) surplus from reinsurance operations</b>		<b>(2,220,404)</b>	<b>8,823,858</b>	<b>3,204,436</b>	<b>9,707,992</b>
Shareholders' appropriation from reinsurance operations' surplus		2,220,404	(7,941,472)	(2,883,992)	(8,737,193)
<b>Reinsurance operations' surplus after shareholders' appropriation</b>		<b>-</b>	<b>882,386</b>	<b>320,444</b>	<b>970,799</b>
Accumulated surplus at the beginning of the period		-	-	-	-
<b>Accumulated (deficit) surplus at the end of the period</b>		<b>-</b>	<b>882,386</b>	<b>320,444</b>	<b>970,799</b>




The accompanying notes 1 to 15 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 SIX MONTH PERIODS ENDED 30 JUNE 2013

	Notes	For the three month period ended		For the six month period ended	
		30 June 2013	30 June 2012	30 June 2013	30 June 2012
		SR	(Reclassified note 13) SR	SR	(Reclassified note 13) SR
Special commission income from time deposits		533,733	650,671	1,439,897	1,845,354
Special commission income from bonds and sukuk		2,121,644	2,424,344	4,539,175	4,836,425
Realized gains on investments held at fair value through income statement	7	8,495	367,841	8,495	418,450
Unrealized gains/(losses) on investments held at fair value through income statement	7	588,479	(7,016,418)	11,644,408	1,962,435
Foreign exchange translation gains / (losses)		449,114	(1,221,088)	(151,454)	(842,500)
Investment management expenses		(499,947)	(151,210)	(1,047,445)	(381,607)
General and administrative expenses	13	(2,830,331)	(3,261,918)	(5,836,778)	(5,872,512)
Board of directors' remunerations, meeting fees and Expenses		(137,948)	(102,172)	(238,324)	(165,111)
Shareholders' appropriation from reinsurance operations' deficit/surplus		(2,220,404)	7,941,472	2,883,992	8,737,193
<b>Net (loss)/ income for the period</b>		<b>(1,987,165)</b>	<b>(368,478)</b>	<b>13,241,966</b>	<b>10,538,127</b>
<b>Basic and diluted (loss)/ earnings per share for the period</b>	12	<b>(0.0199)</b>	<b>(0.004)</b>	<b>0.1324</b>	<b>0.1054</b>
<b>Weighted average number of issued shares during the period</b>		<b>100,000,000</b>	<b>100,000,000</b>	<b>100,000,000</b>	<b>100,000,000</b>




The accompanying notes 1 to 15 form an integral part of these interim condensed financial statements.

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

**INTERIM STATEMENT OF SHAREHOLDERS' COMPREHENSIVE OPERATIONS (UNAUDITED)**  
**FOR THE THREE AND SIX MONTH PERIODS ENDED 30 JUNE 2013**

	For the three month period ended		For the six month period ended	
	30 June 2013 SR	30 June 2012 SR	30 June 2013 SR	30 June 2012 SR
Net (loss)/ income for the period	(1,987,165)	(368,478)	13,241,966	10,538,127
Other comprehensive loss:				
Zakat and income tax	(5,152,229)	(5,011,894)	(10,206,820)	(10,115,134)
Total comprehensive (loss)/ income for the period	(7,139,394)	(5,380,372)	3,035,146	422,993




The accompanying notes 1 to 15 form an integral part of these interim condensed financial statements.

**Saudi Reinsurance Company (A Saudi Joint Stock Company)**  
**INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)**

FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2013

	GCC Founding Shareholders and General Public			Non - GCC Founding Shareholders			Total			
	Share capital SR	Statutory reserve SR	Accumulated deficit SR	Share capital SR	Statutory reserve SR	(Accumulated deficit) / Retained earnings SR	Share capital SR	Statutory reserve SR	Accumulated deficit SR	Total SR
Balance as at 1 January 2012	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	-	-	9,916,378	-	-	621,749	-	-	10,538,127	10,538,127
Zakat and income tax	-	-	(10,016,515)	-	-	(98,619)	-	-	(10,115,134)	(10,115,134)
Balance as at 30 June 2012	941,000,000	5,712,740	(75,230,777)	59,000,000	358,184	(425,681)	1,000,000,000	6,070,924	(75,656,458)	930,414,466
Balance as at 1 January 2013	941,000,000	5,712,740	(67,600,389)	59,000,000	358,184	505,112	1,000,000,000	6,070,924	(67,095,277)	938,975,647
Net income for the period	-	-	12,460,690	-	-	781,276	-	-	13,241,966	13,241,966
Zakat and income tax	-	-	(10,107,307)	-	-	(99,513)	-	-	(10,206,820)	(10,206,820)
Balance as at 30 June 2013	941,000,000	5,712,740	(65,247,006)	59,000,000	358,184	1,186,875	1,000,000,000	6,070,924	(64,060,131)	942,010,793




The accompanying notes 1 to 15 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 SIX MONTH PERIOD ENDED 30 JUNE 2013

	For the six month period ended	
	30 June 2013 SR	30 June 2012 SR
<b>OPERATING ACTIVITIES</b>		
Reinsurance operations' surplus after shareholders' appropriation	320,444	970,799
Adjustments for:		
Employees' end of service benefits	256,604	317,454
Depreciation	353,724	340,045
Realized gains on investments held at fair value through income statement	(31,939)	(7,674)
Unrealized losses (gains) on investments held at fair value through income statement	268,993	(269,863)
Shareholders' appropriation from reinsurance operations' surplus	2,883,992	8,737,193
Operating profit before changes in operating assets and liabilities	4,051,818	10,087,954
<b>Changes in operating assets and liabilities:</b>		
Premiums receivable	(35,517,024)	(3,090,658)
Accrued insurance premiums	(81,427,408)	(46,796,603)
Retrocession balances receivable	(696,363)	(5,742,018)
Retroceded share of unearned premiums	2,915,959	13,262,449
Retroceded share of outstanding claims	(5,730,144)	12,182,881
Deferred acquisition costs	(35,474,888)	(15,881,924)
Deferred excess of loss premiums	11,592,791	10,316,395
Prepaid expenses and other assets	(718,411)	(1,156,328)
Due from shareholders' operations	(29,443,070)	13,735,145
Accounts payable	1,881,019	138,338
Retrocession balances payable	(3,265,617)	(22,236,201)
Accrued retroceded premiums	(418,387)	(6,481,940)
Gross unearned premiums	115,964,461	53,103,262
Gross outstanding claims	50,175,865	2,330,831
Unearned commission income	(769,400)	(3,697,397)
Accrued expenses and other liabilities	(4,083,700)	(1,198,766)
Employees' end of service benefits paid	(189,210)	(7,000)
<b>Net cash (used in) / from operating activities</b>	<b>(11,151,709)</b>	<b>8,868,420</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(2,654,126)	(338,136)
Additions in investments held at fair value through income statement	-	(24,010,000)
Proceeds from investments held at fair value through income statement	17,507,643	10,600,219
<b>Net cash from / (used in) investing activities</b>	<b>14,853,517</b>	<b>(13,747,917)</b>
<b>INCREASE / (DECREASE) IN CASH AND BANK BALANCES</b>	<b>3,701,808</b>	<b>(4,879,497)</b>
Cash and bank balances at the beginning of the period	582,850	8,293,673
<b>CASH AND BANK BALANCES AT THE END OF THE PERIOD</b>	<b>4,284,658</b>	<b>3,414,176</b>




The accompanying notes 1 to 15 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 SIX MONTH PERIOD ENDED 30 JUNE 2013

	For the six month	
	period ended	
	30 June 2013	30 June 2012
	SR	SR
<b>OPERATING ACTIVITIES</b>		
Net income for the period	13,241,966	10,538,127
Adjustments for:		
Realized gains on investments held at fair value through income statement	(8,495)	(418,450)
Unrealized gains on investments held at fair value through income statement	(11,644,408)	(1,962,435)
Shareholders' appropriation from reinsurance operations' surplus	(2,883,992)	(8,737,193)
Operating deficit before changes in operating assets and liabilities	(1,294,929)	(579,951)
<b>Changes in operating assets and liabilities:</b>		
Due to reinsurance operations	29,443,070	(13,735,145)
Prepaid expenses and other assets	(631,432)	(530,098)
Accrued expenses and other liabilities	(1,511,120)	530,098
Accounts Payable	1,347,133	
Zakat and income tax paid	(14,451,676)	(15,044,131)
<b>Net cash from / (used in) operating activities</b>	<b>12,901,046</b>	<b>(29,359,227)</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(2,085,452)	-
Proceeds from investments held at fair value through income statement	-	167,328,554
Accrued special commission income from time deposits	(89,898)	1,323,030
Accrued special commission income from bonds and sukuk	(161,778)	(797,901)
Additions in investments held at fair value through income statement	(148,570,968)	(391,717,680)
Time deposits, net	150,000,000	220,938,845
Held to maturity investments	618,207	1,210,571
<b>Net cash used in investing activities</b>	<b>(289,889)</b>	<b>(1,714,581)</b>
<b>INCREASE / (DECREASE) IN CASH AND BANK BALANCES</b>	<b>12,611,157</b>	<b>(31,073,808)</b>
Cash and bank balances at the beginning of the period	615,353	140,053,940
<b>CASH AND BANK BALANCES AT THE END OF THE PERIOD</b>	<b>13,226,510</b>	<b>108,980,132</b>

The accompanying notes 1 to 15 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)

30 JUNE 2013

### 1. ORGANIZATION AND PRINCIPAL ACTIVITIES

Saudi Reinsurance Company (the "Company") is a Saudi Joint Stock Company registered in the Kingdom of Saudi Arabia under commercial registration number 1010250125 dated 12 Jumad Al-Awal 1429H (corresponding to 17 May 2008). The address of the Company's registered office is at P.O. Box 300259, Riyadh 11372, 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 and six month periods ended 30 June 2013 have been prepared in accordance with International Accounting Standard (IAS 34) – "Interim Financial Reporting".

The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's financial statements as at 31 December 2012.

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

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

The accounting and risk management policies used in the preparation of these interim condensed financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2012 except for the adoption of the following new standards and other amendments to existing standards mentioned below:

#### IAS 1 Presentation of Items of Other Comprehensive Income – Amendments to IAS 1

The amendments to IAS 1 introduce a grouping of items presented in other comprehensive income (OCI). Items that could be reclassified (or recycled) to profit or loss at a future point in time (e.g., net gain on hedge of net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) now have to be presented separately from items that will never be reclassified (e.g., actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendment affected presentation only and had no impact on the Company's financial position or performance.

#### IAS 1 Clarification of the requirement for comparative information (Amendment)

The amendment to IAS 1 clarifies the difference between voluntary additional comparative information and the minimum required comparative information. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the minimum required comparative period. The additional voluntarily comparative information does not need to be presented in a complete set of financial statements. An opening statement of financial position (known as the 'third balance sheet') must be presented when an entity applies an accounting policy retrospectively, makes retrospective restatements, or reclassifies items in its financial statements, provided any of those changes has a material effect on the statement of financial position at the beginning of the preceding period. The amendment clarifies that a third balance sheet does not have to be accompanied by comparative information in the related notes. Under IAS 34, the minimum items required for interim condensed financial statements do not include a third balance sheet.

#### IAS 34 Interim financial reporting and segment information for total assets and liabilities (Amendment)

The amendment clarifies the requirements in IAS 34 relating to segment information for total assets and liabilities for each reportable segment to enhance consistency with the requirements in IFRS 8 Operating Segments. Total assets and liabilities for a reportable segment need to be disclosed only when the amounts are regularly provided to the chief operating decision maker and there has been a material change in the total amount disclosed in the entity's previous annual financial statements for that reportable segment. The Company provides this disclosure as total segment assets were reported to the chief operating decision maker.

#### IFRS 7 Financial Instruments: Disclosures Offsetting Financial Assets and Financial Liabilities - Amendments to IFRS 7

The amendment requires an entity to disclose information about rights to set-off financial instruments and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether the financial instruments are set off in accordance with IAS 32. As the Company is not setting off financial instruments in accordance with IAS 32 and does not have relevant offsetting arrangements, the amendment does not have an impact on the Company.

#### IFRS 13 Fair Value Measurement

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The application of IFRS 13 has not materially impacted the fair value measurements carried out by the Company.



# Saudi Reinsurance Company (A Saudi Joint Stock Company)

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

30 JUNE 2013

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

#### IFRS 13 Fair Value Measurement (Continued)

IFRS 13 also requires specific disclosures on fair values, some of which replace existing disclosure requirements in other standards, including IFRS 7 Financial Instruments: Disclosures. Some of these disclosures are specifically required for financial instruments by IAS 34.16A (j), thereby affecting the interim condensed financial statements period. The Company provides these disclosures in Note 7.

#### New amendments and standards issued but not yet effective:

The Company has chosen not to early adopt the following new standard and amendments to the International Financial Reporting Standards

#### *IFRS 9 Financial Instruments: Classification and Measurement*

IFRS 9, as issued, reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard was initially effective for annual periods beginning on or after 1 January 2013, but Amendments to IFRS 9 Mandatory Effective Date of IFRS 9 and Transition Disclosures, issued in December 2011, moved the mandatory effective date to 1 January 2015. In subsequent phases, the IASB will address hedge accounting and impairment of financial assets. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the Company's financial assets, but will not have an impact on classification and measurements of financial liabilities. The Company will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

#### *IAS 32 Offsetting Financial Assets and Financial Liabilities — Amendments to IAS 32*

These amendments clarify the meaning of "currently has a legally enforceable right to set-off". The amendments also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. These amendments are not expected to impact the Company's financial position or performance and become effective for annual periods beginning on or after 1 January 2014.

### 4. CASH AND BANK BALANCES

	30 June 2013 (Unaudited)		31 December 2012 (Audited)	
	Reinsurance operations SR	Shareholders' operations SR	Reinsurance operations SR	Shareholders' operations SR
Cash on hand	5,000	-	-	-
Cash at banks	4,279,658	13,226,510	582,850	615,353
	<u>4,284,658</u>	<u>13,226,510</u>	<u>582,850</u>	<u>615,353</u>

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

### 5. TIME DEPOSITS

Time deposits represent deposits with banks with investment grade credit ratings and have maturity period of more than three months from the date of original placement. Such deposits earn special commission at an average effective commission rate of 2.5% per annum (31 December 2012: 2.3% per annum).



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

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

30 JUNE 2013

#### 6. STATUTORY DEPOSIT

The Company has deposited an amount of SR 100 million (31 December 2012: SR 100 million) with a local bank representing the statutory deposit of 10% of its paid-up capital as required by the Implementing Regulations of the "Law On Supervision of Cooperative Insurance Companies" issued by the Saudi Arabian Monetary Agency (SAMA). This statutory deposit cannot be withdrawn without the consent of the SAMA.

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

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

	30 June 2013 (Unaudited)		31 December 2012 (Audited)	
	Reinsurance operations SR	Shareholders' operations SR	Reinsurance operations SR	Shareholders' operations SR
Bond Portfolios	24,485,438	205,768,044	-	210,843,604
Equity Portfolios	-	142,177,398	-	135,863,916
Funds	41,013,995	233,021,443	83,244,130	74,035,494
Sukuk	-	25,000,000	-	25,000,000
	<u>65,499,433</u>	<u>605,966,885</u>	<u>83,244,130</u>	<u>445,743,014</u>

ii. Determination of fair value and fair values hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments:

Level 1: quoted prices in active markets for the same instrument (i.e., without modification or repacking).

Level 2: quoted prices in active markets for similar assets and liabilities or other valuation techniques for which all significant inputs are based on observable market data.

Level 3: Valuation techniques for which any significant input is not based on observable market data.

As at 30 June 2013 and 31 December 2012, all financial instruments under reinsurance operations which are measured at fair are Level 1 instruments. The following table shows an analysis of financial instruments under shareholders' operations measured at fair value by level of the fair value hierarchy:

	30 June 2013 (Unaudited)			
	Level 1 SR	Level 2 SR	Level 3 SR	Total SR
Bond Portfolios	205,768,044	-	-	205,768,044
Equity Portfolios	142,177,398	-	-	142,177,398
Funds	208,021,443	-	25,000,000	233,021,443
Sukuk	-	-	25,000,000	25,000,000
	<u>555,966,885</u>	<u>-</u>	<u>50,000,000</u>	<u>605,966,885</u>

# Saudi Reinsurance Company (A Saudi Joint Stock Company)

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

30 JUNE 2013

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

	31 December 2012 (Audited)			Total SR
	Level 1 SR	Level 2 SR	Level 3 SR	
Bond Portfolios	210,843,604	-	-	210,843,604
Equity Portfolios	135,863,916	-	-	135,863,916
Funds	49,035,494	-	25,000,000	74,035,494
Sukuk	-	-	25,000,000	25,000,000
	<u>395,743,014</u>	<u>-</u>	<u>50,000,000</u>	<u>445,743,014</u>

The fair value of level 3 real estate funds and sukuk portfolio was determined using valuation techniques that require significant management judgments in determining appropriate assumptions including commission rates and estimated cash flows.

iii. There were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements during the period 30 June 2013 and year ended 31 December 2012.

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

	For the six month period ended 30 June 2013 (Unaudited)		For the year ended 31 December 2012 (Audited)	
	Reinsurance operations SR	Shareholders' operations SR	Reinsurance operations SR	Shareholders' operations SR
Opening balance	83,244,130	445,743,014	44,644,961	256,000,702
Additions	-	148,570,968	71,516,844	640,460,749
Disposals	(17,507,643)	-	(33,601,941)	(470,328,552)
Unrealized gains	(268,993)	11,644,408	636,578	17,264,137
Realized gains	31,939	8,495	47,688	2,345,978
<b>Ending balance</b>	<u>65,499,433</u>	<u>605,966,885</u>	<u>83,244,130</u>	<u>445,743,014</u>

Investments under reinsurance and shareholders' operations include SR 3.5 million and SR 7.7 million respectively as at 30 June 2013 (31 December 2012: SR Nil and SR 4.8 million respectively) 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

Held to maturity investments represent debt instruments with a 4 to 10 year time horizon yielding an average special commission of 4.05% per annum (31 December 2012: 4.37% per annum). The fair value of held to maturity investments amounted to SR 219,322,809 (31 December 2012: SR 226,009,171).

### 9. NET CLAIMS PAID

	For the three month period ended		For the six month period ended	
	30 June 2013 (Unaudited) SR	30 June 2012 (Unaudited) SR	30 June 2013 (Unaudited) SR	30 June 2012 (Unaudited) SR
Gross claims paid	13,472,732	19,681,522	48,315,322	36,423,217
Retroceded share of claims paid	(2,832,991)	(9,975,182)	(6,545,965)	(20,093,887)
<b>Net claims paid</b>	<u>10,639,741</u>	<u>9,706,340</u>	<u>41,769,357</u>	<u>16,329,330</u>

# Saudi Reinsurance Company (A Saudi Joint Stock Company)

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

30 JUNE 2013

### 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 six month periods ended		Balance as at	
		30 June 2013 (Unaudited)	30 June 2012 (Unaudited)	30 June 2013 (Unaudited)	31 December 2012 (Audited)
		SR	SR	SR	SR
Board of directors	Consulting fees	178,277	190,798	-	-
	Remunerations	-	-	851,910	1,277,130
	Meeting fees and expenses	238,324	100,002	227,500	188,500
Key management personnel	Short term benefits	3,631,584	4,451,621	1,129,000	2,000,000
	End of service benefits	108,826	132,116	349,988	299,043

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)

30 JUNE 2013

#### 11. SEGMENTAL INFORMATION

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

Segment results do not include realized and unrealized gains on investments held at fair value through income statement, other income, investment management expenses and all general and administrative expenses except depreciation.

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

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

#### 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	Others SR	Total SR
<b>For the three month period ended</b>							
<b>30 June 2013 (Unaudited)</b>							
<b>Reinsurance operations' results</b>							
Gross written premiums	20,053,705	27,858,164	2,849,121	(24,026,941)	9,979,527	10,798,012	47,511,588
Retroceded premiums	(1,400,265)	(208,268)	(85,200)	-	-	(69,584)	(1,763,317)
Excess of loss expenses	(1,206,287)	(3,278,093)	(925,759)	(46,124)	(637,923)	(372,156)	(6,466,342)
<b>Net written premiums</b>	<b>17,447,153</b>	<b>24,371,803</b>	<b>1,838,162</b>	<b>(24,073,065)</b>	<b>9,341,604</b>	<b>10,356,272</b>	<b>39,281,929</b>
Change in net unearned premiums	(4,179,671)	703,002	7,066,763	28,771,786	(4,910,750)	(4,177,275)	23,273,855
<b>Net earned premiums</b>	<b>13,267,482</b>	<b>25,074,805</b>	<b>8,904,925</b>	<b>4,698,721</b>	<b>4,430,854</b>	<b>6,178,997</b>	<b>62,555,784</b>
Net claims paid	(1,320,424)	(4,861,667)	(1,995,067)	(861,705)	(1,180,778)	(420,100)	(10,639,741)
Change in net outstanding claims	(4,609,978)	(25,942,245)	(2,296,107)	(131,141)	(1,695,080)	(1,243,934)	(35,918,485)
Gross acquisition costs	(4,152,156)	(7,266,814)	(1,894,249)	845,396	(236,601)	(1,690,475)	(14,394,899)
Commissions on retroceded business	1,075,887	118,505	296,963	-	30,377	133,124	1,654,856
Supervision and inspection fees	(100,269)	(139,291)	(14,245)	120,135	(49,898)	(53,990)	(237,558)
<b>Net underwriting results</b>	<b>4,160,542</b>	<b>(13,016,707)</b>	<b>3,002,220</b>	<b>4,671,406</b>	<b>1,298,874</b>	<b>2,903,622</b>	<b>3,019,957</b>
<b>Other items:</b>							
Depreciation	8,051	4,413	(3,159)	(26,949)	5,216	4,729	(7,699)

\* Motor gross written premiums are negative for the three month period ended 30 June 2013 due to the reversal of gross written premiums relating to the cancellation of a significant motor quota share treaty issued during the first quarter of 2013.



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

30 JUNE 2013

	Engineering SR	Fire SR	Marine SR	Motor SR	Life SR	Others SR	Total SR
For the three month period ended							
30 June 2012 (Unaudited)							
Reinsurance operations' results							
Gross written premiums	15,106,460	14,104,666	428,644	659,461	5,116,061	12,955,657	48,370,949
Retroceded premiums	(764,389)	(57,584)	417,627	-	393	337,163	(66,790)
Excess of loss expenses	(2,203,615)	(2,184,939)	(345,278)	(36,993)	-	(600,070)	(5,370,895)
Net written premiums	12,138,456	11,862,143	500,993	622,468	5,116,454	12,692,750	42,933,264
Change in net unearned premiums	(6,014,224)	2,576,303	4,342,002	1,623,700	(2,901,284)	(8,198,241)	(8,571,744)
Net earned premiums	6,124,232	14,438,446	4,842,995	2,246,168	2,215,170	4,494,509	34,361,520
Net claims paid	(644,162)	(5,354,596)	(732,997)	(2,372,655)	(365,347)	(236,583)	(9,706,340)
Change in net outstanding claims	(3,119,157)	(1,586,398)	(1,779,821)	598,882	(20,582)	(1,749,987)	(7,657,063)
Gross acquisition costs	(3,318,234)	(4,484,096)	(1,761,230)	(376,411)	(77,329)	(559,704)	(10,577,004)
Commissions on retroceded business	841,999	478,768	96,482	-	-	(76,693)	1,340,556
Supervision and inspection fees	(75,532)	(70,523)	(2,143)	(3,297)	(25,581)	(64,778)	(241,854)
Net underwriting results	(190,854)	3,421,601	663,286	92,687	1,726,331	1,806,764	7,519,815
Other items:							
Depreciation	49,257	56,733	10,434	3,546	12,229	36,340	168,539

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

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

30 JUNE 2013

	Engineering SR	Fire SR	Marine SR	Motor SR	Life SR	Others SR	Total SR
For the six month period ended							
30 June 2013 (Unaudited)							
<b>Reinsurance operations' results</b>							
Gross written premiums	48,276,288	105,552,067	31,320,436	40,534,864	17,146,272	23,758,082	266,588,009
Retroceded premiums	(2,438,829)	(194,127)	(146,056)	-	-	(125,186)	(2,904,198)
Excess of loss expenses	(1,614,405)	(7,123,012)	(1,974,124)	(91,740)	(637,923)	(789,508)	(12,230,712)
<b>Net written premiums</b>	44,223,054	98,234,928	29,200,256	40,443,124	16,508,349	22,843,388	251,453,099
Change in net unearned premiums	(20,299,409)	(48,051,978)	(10,508,781)	(23,895,969)	(6,834,077)	(9,290,203)	(118,880,417)
<b>Net earned premiums</b>	23,923,645	50,182,950	18,691,475	16,547,155	9,674,272	13,553,185	132,572,682
Net claims paid	(2,147,986)	(16,571,134)	(3,626,089)	(2,727,345)	(1,248,530)	(15,448,273)	(41,769,357)
Change in net outstanding claims	(5,881,000)	(34,048,058)	(4,909,010)	(7,484,444)	(2,129,502)	10,006,294	(44,445,720)
Gross acquisition costs	(8,272,261)	(14,833,923)	(5,253,165)	(2,116,936)	(435,786)	(3,022,492)	(33,934,563)
Commissions on retroceded business	1,702,551	153,899	281,505	-	30,377	135,688	2,304,020
Supervision and inspection fees	(241,381)	(527,760)	(156,602)	(202,674)	(85,731)	(118,792)	(1,332,940)
<b>Net underwriting results</b>	9,083,568	(15,644,026)	5,028,114	4,015,756	5,805,100	5,105,610	13,394,122
Other items:							
Depreciation	31,331	68,502	20,327	26,307	11,128	15,417	173,012

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

30 JUNE 2013

	Engineering SR	Fire SR	Marine SR	Motor SR	Life SR	Others SR	Total SR
For the Six month period ended							
30 June 2012 (Unaudited)							
Reinsurance operations' results							
Gross written premiums	37,017,837	54,054,879	17,447,220	4,148,224	4,968,713	20,524,121	138,160,994
Retroceded premiums	(1,183,740)	601,124	(253,622)	-	393	239,658	(596,187)
Excess of loss expenses	(3,402,825)	(4,652,713)	(1,395,167)	(74,398)	-	(1,117,439)	(10,642,542)
Net written premiums	32,431,272	50,003,290	15,798,431	4,073,826	4,969,106	19,646,340	126,922,265
Change in net unearned premiums	(21,288,852)	(23,203,661)	(6,262,356)	(1,051,074)	(1,985,098)	(12,574,670)	(66,365,711)
Net earned premiums	11,142,420	26,799,629	9,536,075	3,022,752	2,984,008	7,071,670	60,556,554
Net claims paid	(964,400)	(9,946,508)	(1,342,005)	(3,262,627)	(365,347)	(448,443)	(16,329,330)
Change in net outstanding claims	(5,146,045)	(3,040,500)	(3,828,093)	(95,722)	(76,368)	(2,326,984)	(14,513,712)
Gross acquisition costs	(5,936,602)	(8,871,953)	(4,069,236)	(476,834)	(143,616)	(1,400,503)	(20,898,744)
Commissions on retroceded business	1,771,470	1,319,655	597,036	-	-	121,070	3,809,231
Supervision and inspection fees	(185,089)	(270,274)	(87,236)	(20,741)	(24,844)	(102,621)	(690,805)
Net underwriting results	681,754	5,990,049	806,541	(833,172)	2,373,833	2,914,189	11,933,194
Other items:							
Depreciation	91,109	133,041	42,941	10,210	12,229	50,515	340,045

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

30 JUNE 2013

	Engineering SR	Fire SR	Marine SR	Motor SR	Life SR	Others SR	Total SR
<b>As at 30 June 2013 (Unaudited)</b>							
Segment assets	88,424,434	139,027,415	42,917,903	39,498,124	24,362,121	23,710,492	357,940,489
Segment liabilities	104,282,125	218,178,219	37,906,774	46,758,430	19,195,722	32,200,216	458,521,486
<b>As at 31 December 2012 (Audited)</b>							
Segment assets	65,466,362	81,898,531	24,459,570	10,348,435	15,970,291	13,343,258	211,486,447
Segment liabilities	80,078,184	133,781,066	22,589,021	15,685,919	10,364,449	33,151,268	295,649,907

The results of reinsurance operations for the six month period ended 30 June 2012 and assets and liabilities of reinsurance operations as at 31 December 2012 were restated to include the business segment of general accident as its presentation requirement was met for the three and six month periods ended and as at 30 June 2013, respectively.



# Saudi Reinsurance Company (A Saudi Joint Stock Company)

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

30 JUNE 2013

### 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 June 2013 (Unaudited)					
<b>Reinsurance operations' results</b>					
Gross written premiums	(3,704,513)	13,384,003	6,670,752	31,161,346	47,511,588
Retroceded premiums	(1,013,456)	(704,651)	(45,210)	-	(1,763,317)
Excess of loss expenses	(4,472,664)	(1,206,045)	(571,630)	(216,003)	(6,466,342)
<b>Net written premiums</b>	<b>(9,190,633)</b>	<b>11,473,307</b>	<b>6,053,912</b>	<b>30,945,343</b>	<b>39,281,929</b>
Change in net unearned premiums	44,227,811	1,567,049	444,316	(22,965,321)	23,273,855
<b>Net earned premiums</b>	<b>35,037,178</b>	<b>13,040,356</b>	<b>6,498,228</b>	<b>7,980,022</b>	<b>62,555,784</b>
Net claims paid	(7,748,364)	(2,200,363)	(364,872)	(326,142)	(10,639,741)
Change in net outstanding claims	(26,860,200)	(571,574)	(2,156,940)	(6,329,771)	(35,918,485)
Gross acquisition costs	(8,073,949)	(3,069,592)	(1,334,547)	(1,916,811)	(14,394,899)
Commissions on retroceded business	1,366,408	261,701	26,747	-	1,654,856
Supervision and inspection fees	18,522	(66,920)	(33,354)	(155,806)	(237,558)
<b>Net underwriting results</b>	<b>(6,260,405)</b>	<b>7,393,608</b>	<b>2,635,262</b>	<b>(748,508)</b>	<b>3,019,957</b>
<b>Other items:</b>					
Depreciation	(30,345)	4,091	109	18,444	(7,701)

	Kingdom of Saudi Arabia SR	Other Middle Eastern Countries SR	Africa SR	Emerging Markets SR	Total SR
For the three month period ended 30 June 2012 (Unaudited)					
<b>Reinsurance operations' results</b>					
Gross written premiums	12,990,509	7,820,677	758,406	26,801,357	48,370,949
Retroceded premiums	290,259	(291,845)	(65,204)	-	(66,790)
Excess of loss expenses	(2,188,169)	(1,083,656)	(949)	(2,098,121)	(5,370,895)
<b>Net written premiums</b>	<b>11,092,599</b>	<b>6,445,176</b>	<b>692,253</b>	<b>24,703,236</b>	<b>42,933,264</b>
Change in net unearned premiums	12,667,554	75,790	257,365	(21,572,453)	(8,571,744)
<b>Net earned premiums</b>	<b>23,760,153</b>	<b>6,520,966</b>	<b>949,618</b>	<b>3,130,783</b>	<b>34,361,520</b>
Net claims paid	(8,595,529)	(309,372)	(754,043)	(47,396)	(9,706,340)
Change in net outstanding claims	(2,829,309)	(3,240,861)	830,274	(2,417,167)	(7,657,063)
Gross acquisition costs	(7,112,027)	(2,027,231)	(222,675)	(1,215,071)	(10,577,004)
Commissions on retroceded business	1,039,496	288,619	12,441	-	1,340,556
Supervision and inspection fees	(64,953)	(39,103)	(3,791)	(134,007)	(241,854)
<b>Net underwriting results</b>	<b>6,197,831</b>	<b>1,193,018</b>	<b>811,824</b>	<b>(682,858)</b>	<b>7,519,815</b>
<b>Other items:</b>					
Depreciation	70,982	25,548	3,072	68,937	168,539

# Saudi Reinsurance Company (A Saudi Joint Stock Company)

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

30 JUNE 2013

### 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 six month period ended 30 June 2013 (Unaudited)					
<b>Reinsurance operations' results</b>					
Gross written premiums	155,143,512	39,510,398	30,664,939	41,269,160	266,588,009
Retroceded premiums	(1,912,098)	(917,888)	(74,212)	-	(2,904,198)
Excess of loss expenses	(8,139,298)	(1,086,145)	(2,138,886)	(866,383)	(12,230,712)
<b>Net written premiums</b>	<b>145,092,116</b>	<b>37,506,365</b>	<b>28,451,841</b>	<b>40,402,777</b>	<b>251,453,099</b>
Change in net unearned premiums	(65,606,204)	(11,013,048)	(16,279,925)	(25,981,240)	(118,880,417)
<b>Net earned premiums</b>	<b>79,485,912</b>	<b>26,493,317</b>	<b>12,171,916</b>	<b>14,421,537</b>	<b>132,572,682</b>
Net claims paid	(16,476,902)	(4,246,264)	(4,874,822)	(16,171,369)	(41,769,357)
Change in net outstanding claims	(43,782,648)	(5,184,962)	(1,163,694)	5,685,584	(44,445,720)
Gross acquisition costs	(21,015,936)	(6,349,795)	(3,181,955)	(3,386,877)	(33,934,563)
Commissions on retroceded business	1,896,368	356,602	51,050	-	2,304,020
Supervision and inspection fees	(775,718)	(197,552)	(153,325)	(206,345)	(1,332,940)
<b>Net underwriting results</b>	<b>(668,924)</b>	<b>10,871,346</b>	<b>2,849,170</b>	<b>342,530</b>	<b>13,394,122</b>
<b>Other items:</b>					
Depreciation	100,686	25,642	19,901	26,783	173,012

	Kingdom of Saudi Arabia SR	Other Middle Eastern Countries SR	Africa SR	Emerging Markets SR	Total SR
For the six month period ended 30 June 2012 (Unaudited)					
<b>Reinsurance operations' results</b>					
Gross written premiums	83,768,971	19,250,068	2,946,052	32,195,903	138,160,994
Retroceded premiums	26,640	(564,187)	(58,640)	-	(596,187)
Excess of loss expenses	(6,542,274)	(1,207,966)	(152,447)	(2,739,855)	(10,642,542)
<b>Net written premiums</b>	<b>77,253,337</b>	<b>17,477,915</b>	<b>2,734,965</b>	<b>29,456,048</b>	<b>126,922,265</b>
Change in net unearned premiums	(34,267,040)	(4,929,347)	(1,163,379)	(26,005,945)	(66,365,711)
<b>Net earned premiums</b>	<b>42,986,297</b>	<b>12,548,568</b>	<b>1,571,586</b>	<b>3,450,103</b>	<b>60,556,554</b>
Net claims paid	(14,445,205)	(545,084)	(1,291,645)	(47,396)	(16,329,330)
Change in net outstanding claims	(9,383,563)	(5,934,653)	3,615,278	(2,810,774)	(14,513,712)
Gross acquisition costs	(15,070,321)	(3,907,346)	(481,413)	(1,439,664)	(20,898,744)
Commissions on retroceded business	2,960,500	743,626	105,105	-	3,809,231
Supervision and inspection fees	(418,845)	(96,250)	(14,730)	(160,980)	(690,805)
<b>Net underwriting results</b>	<b>6,628,863</b>	<b>2,808,861</b>	<b>3,504,181</b>	<b>(1,008,711)</b>	<b>11,933,194</b>
<b>Other items:</b>					
Depreciation	206,174	47,379	7,251	79,241	340,045

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

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

30 JUNE 2013

#### 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
As at 30 June 2013 (Unaudited)					
Reinsurance operations					
Segment assets	213,497,442	52,825,942	41,764,166	49,852,938	357,940,488
Segment liabilities	284,955,544	80,552,687	35,977,075	57,036,178	458,521,484
As at 31 December 2012 (Audited)					
Reinsurance operations					
Segment assets	132,448,697	44,343,118	14,653,667	20,040,965	211,486,447
Segment liabilities	178,139,075	61,756,619	18,880,674	36,873,539	295,649,907

#### 12. BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share for the three and six month periods ended 30 June 2013 and 2012 have been calculated by dividing net income 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.

The general and administrative expenses for the three and six month periods ended 30 June 2013 were reclassified to separate the reinsurance operations related expenses from shareholders' expenses. Accordingly, the comparative figures for the three and six month periods ended 30 June 2012 were also reclassified based on similar classification. As a result of the reclassification, an amount of SR 3,412,468 was taken out from reinsurance operations' general and administrative expenses and charged to shareholders' operations.

#### 14. FAIR VALUE

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company's management believe that the carrying value of all financial assets and liabilities, other than those disclosed in note 7 above, approximate their fair values at the interim condensed financial statements date.

#### 15. APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

These interim condensed financial statements have been approved by the Board of Directors on 9 Ramadan 1434H corresponding to 17 July 2013.