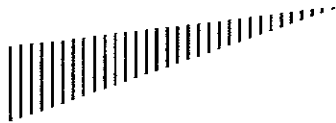

SAUDI REINSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
31 MARCH 2009

INDEX	PAGE
INDEPENDENT AUDITORS' REVIEW REPORT	1
INTERIM STATEMENT OF FINANCIAL POSITION	2
INTERIM STATEMENT OF REINSURANCE OPERATIONS	3
INTERIM STATEMENT OF SHAREHOLDERS' COMPREHENSIVE OPERATIONS	4
INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	5
INTERIM STATEMENT OF REINSURANCE OPERATIONS CASH FLOWS	6
INTERIM STATEMENT OF SHAREHOLDERS' CASH FLOWS	7
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS	8 - 12



**REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL STATEMENTS
TO THE SHAREHOLDERS OF
SAUDI REINSURANCE COMPANY (A SAUDI JOINT STOCK COMPANY)**

SCOPE OF REVIEW:

We have reviewed the accompanying interim statement of financial position of Saudi Reinsurance Company – A Saudi Joint Stock Company (the “Company”) as at 31 March 2009, and the related interim statements of reinsurance operations, shareholders’ comprehensive operations, changes in shareholders’ equity, reinsurance operations and shareholders’ cash flows for the three months then ended and the notes which form 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) 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 to the fact 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.

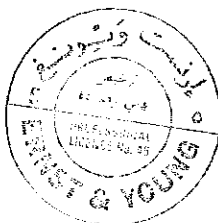
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19 Rabi Al Thani 1430H
15 April 2009



Saudi Reinsurance Company (A Saudi Joint Stock Company)

INTERIM STATEMENT OF FINANCIAL POSITION

At 31 March 2009

	Notes	31 March 2009 (Unaudited) SR	31 December 2008 (Audited) SR
REINSURANCE OPERATIONS' ASSETS			
Cash and cash equivalents	4	1,204,941	33,604
Premiums receivable		6,871,853	2,257,167
Retroceded share of unearned premiums		6,772,253	2,357,805
Retroceded share of outstanding claims		828,828	158,616
Deferred acquisition costs		2,204,835	612,007
Prepayments and other assets		1,272,520	426,427
Due from shareholders' operations		-	196,048
Property and equipment, net		3,551,457	3,689,719
TOTAL REINSURANCE OPERATIONS' ASSETS		22,706,687	9,731,393
SHAREHOLDERS' ASSETS			
Cash and cash equivalents	4	764,706	412,330,351
Time deposit	5	600,000,000	600,000,000
Statutory deposit	6	100,000,000	-
Accrued special commission income from time deposits		18,069,333	13,720,726
Investment held at fair value through income statement	7	312,905,514	-
Due from reinsurance operations		438,888	-
Other assets		77,500	-
TOTAL SHAREHOLDERS' ASSETS		1,032,255,941	1,026,051,077
TOTAL ASSETS		1,054,962,628	1,035,782,470
REINSURANCE OPERATIONS' LIABILITIES			
Retrocession balances payable		5,764,071	1,913,175
Gross unearned premiums		9,393,676	2,891,122
Gross outstanding claims		1,195,439	202,823
Unearned commission income		1,933,894	612,814
Accrued expenses and other liabilities		3,502,531	3,745,127
Due to shareholders operations		438,888	-
Employees end of service benefits		478,188	366,532
TOTAL REINSURANCE OPERATIONS' LIABILITIES		22,706,687	9,731,393
SHAREHOLDERS' LIABILITIES AND EQUITY			
SHAREHOLDERS' LIABILITIES			
Provision for zakat and income tax		6,545,343	329,606
Due to reinsurance operations		-	196,048
Other liabilities		77,500	-
TOTAL SHAREHOLDERS' LIABILITIES		6,622,843	525,654
SHAREHOLDERS' EQUITY			
Share capital		1,000,000,000	1,000,000,000
Statutory reserve		5,126,620	5,105,085
Retained earnings		20,506,476	20,420,338
TOTAL SHAREHOLDERS' EQUITY		1,025,633,098	1,025,525,423
TOTAL SHAREHOLDERS' LIABILITIES AND EQUITY		1,032,255,941	1,026,051,077
TOTAL REINSURANCE OPERATIONS' LIABILITIES AND SHAREHOLDERS' LIABILITIES AND EQUITY		1,054,962,628	1,035,782,470

The accompanying notes 1 to 12 form an integral part of these interim condensed financial statements.

Saudi Reinsurance Company (A Saudi Joint Stock Company)
 INTERIM STATEMENT OF REINSURANCE OPERATIONS (UNAUDITED)
 For The Three Months Ended 31 March 2009

	Note	SR
Gross premiums written		8,055,210
Retroceded premiums		(5,482,874)
Net premiums written		<u>2,572,336</u>
Change in net unearned premiums		(2,088,106)
Net premiums earned		<u>484,230</u>
Change in net outstanding claims		(322,604)
Acquisition costs		(368,133)
Commissions on retroceded business		310,898
Excess of loss expenses		(473,080)
Net underwriting results		<u>(368,689)</u>
General and administrative expenses		(4,302,155)
Board of directors remuneration and expenses	8	(288,864)
Net deficit from reinsurance operations		<u>(4,959,709)</u>
Net deficit transferred to the interim statement of shareholders' comprehensive operations		<u>4,959,709</u>
Net result for the period		<u><u> </u></u>

The accompanying notes 1 to 12 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 Months Ended 31 March 2009

	Note	SR
Special commission income from time deposits		10,377,607
Fair value gains on investment held at fair value through income statement		905,514
Net deficit transferred from reinsurance operations		<u>(4,959,709)</u>
Net income for the period		6,323,412
Other comprehensive income		
Zakat & income tax		<u>(6,215,737)</u>
Total comprehensive income for the period		<u>107,675</u>
Earnings per share	11	<u>0.06</u>

The accompanying notes 1 to 12 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 Three Months Ended 31 March 2009

	<u>Share capital</u> SR	<u>Statutory</u> <u>reserve</u> SR	<u>Retained</u> <u>earnings</u> SR	<u>Total</u> SR
Balance at 31 December 2008	1,000,000,000	5,105,085	20,420,338	1,025,525,423
Net income for the period	-	-	6,323,412	6,323,412
Zakat and income tax	-	-	(6,215,737)	(6,215,737)
Transfer to statutory reserve	-	21,535	(21,535)	-
Balance at 31 March 2009	<u><u>1,000,000,000</u></u>	<u><u>5,126,620</u></u>	<u><u>20,506,478</u></u>	<u><u>1,025,633,098</u></u>

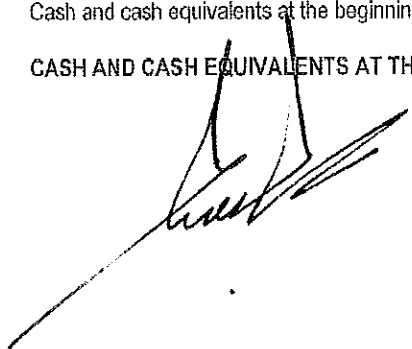
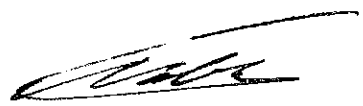
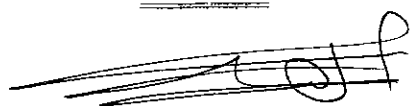
The accompanying notes 1 to 12 form an integral part of these interim condensed financial statements.

Saudi Reinsurance Company (A Saudi Joint Stock Company)

INTERIM STATEMENT OF REINSURANCE OPERATIONS CASH FLOWS (UNAUDITED)

For The Three Months Ended 31 March 2009

	Note	SR
OPERATING ACTIVITIES		
Net result for the period		-
Adjustments for:		
Employees end of service benefits		111,656
Depreciation		225,452
		<hr/>
Operating profit before changes in operating assets and liabilities		337,108
Premiums receivable		(4,614,686)
Retroceded share of unearned premiums		(4,414,448)
Retroceded share of outstanding claims		(670,212)
Deferred acquisition costs		(1,592,828)
Prepayments and other assets		(846,093)
Due from / to shareholders' operations		634,936
Retrocession balances payable		3,850,896
Gross unearned premiums		6,502,554
Gross outstanding claims		992,816
Unearned commission income		1,321,080
Accrued expenses and other liabilities		(242,596)
		<hr/>
Net cash from operating activities		1,258,527
		<hr/>
INVESTING ACTIVITIES		
Purchase of property and equipment		(87,190)
		<hr/>
Net cash used in investing activities		(87,190)
		<hr/>
INCREASE IN CASH AND CASH EQUIVALENTS		1,171,337
		<hr/>
Cash and cash equivalents at the beginning of the period		33,604
		<hr/>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	4	1,204,941
		<hr/> <hr/>

The accompanying notes 1 to 12 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 Three Months Ended 31 March 2009

	Note	SR
OPERATING ACTIVITIES		
Net income for the period		6,323,412
Changes in operating assets and liabilities:		
Accrued special commission income from time deposits		(4,348,607)
Investment held at fair value through income statement		(312,905,514)
Statutory deposit		(100,000,000)
Due from / to reinsurance operations		(634,936)
		<u>(411,565,645)</u>
Net cash used in operating activities		(411,565,645)
DECREASE IN CASH AND CASH EQUIVALENTS		
		<u>(411,565,645)</u>
Cash and cash equivalents at the beginning of the period		412,330,351
		<u>412,330,351</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	4	<u><u>764,706</u></u>

The accompanying notes 1 to 12 form an integral part of these interim condensed financial statements.

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 Awal 1429H (corresponding to 17 May 2008). The address of the Company's registered office is at P.O. Box 30025, Riyadh 11372, 6th Floor, Arch Towers, King Fahd Road, 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.

The Company commenced operations on 24 Rabi Al Thani 1429H (corresponding to 1 May 2008) and consequently no comparative information is provided in the interim statements of reinsurance operations and shareholders' comprehensive operations, changes in shareholders' equity and reinsurance operations and shareholders' cash flows.

2. BASIS OF PREPARATION

The interim condensed financial statements for the three months ended 31 March 2009 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 2008.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The interim condensed financial statements have been prepared on a historical cost basis, modified to include the measurement at fair value of investment held at fair value through income statement.

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Company's financial statements for the period ended 31 December 2008, except for the impact of the adoption of the new standards and accounting policies noted below:

New Standards adopted:

The following are the new standards adopted by the company during the current period:

- IFRS 8 - Operating Segments
- IAS 1 - Presentation of financial statements (Revised)

The application of the above Standards has resulted in amendments to the presentation of the interim condensed financial statements.

Investments held at fair value through income statement

Investments held at fair value through income statement are investments designated at fair value through income statement at inception. For investments designated as at fair value through income statement, the following criteria must be met:

- The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on a different basis, or
- The assets and liabilities are part of a group of financial assets, financial liabilities or both which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.

These investments are initially recorded at fair value. Subsequent to initial recognition, these investments are measured at fair value. Fair value adjustments and realised gains and losses are recognized in the interim statement of shareholders' comprehensive operations.

4. CASH AND CASH EQUIVALENTS

	31 March 2009 (Unaudited)		31 December 2008 (Audited)	
	Reinsurance SR	Shareholders SR	Reinsurance SR	Shareholders SR
Cash on hand	-	28,045	-	28,045
Cash at banks	1,204,941	736,661	33,604	302,306
Time deposits	-	-	-	412,000,000
	<u>1,204,941</u>	<u>764,706</u>	<u>33,604</u>	<u>412,330,351</u>

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

Time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Company. All deposits are subject to an average variable commission rate of 3.31% per annum (31 December 2008: 4.75%).

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

5. TIME DEPOSIT

The time deposit represents a deposit with a local bank with a maturity of more than three months from the date of original acquisition and earns special commission income at a rate of 6.16% per annum (31 December 2008: 6.16%).

The time deposit is placed with a counterparty that has an investment grade credit rating. The carrying amount of the time deposit reasonably approximates 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. INVESTMENT HELD AT FAIR VALUE THROUGH INCOME STATEMENT

Investments held at fair value through income statement represent units in a mutual fund at a local bank.

8. 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:

Related party	Nature of transactions	Amount of	Balances at	Balances at
		transactions for the three months ended 31 March 2009 (Unaudited) SR	31 March 2009 (Unaudited) SR	31 December 2008 (Audited) SR
Directors	Consulting fees	362,162	306,162	244,000
	Remunerations and expenses	288,864	1,265,000	1,040,000
Key management personnel	Short term benefits	934,375	375,000	700,000
	End of service benefits	64,164	299,512	235,348
Others	Consulting fees	20,000	100,000	150,000

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

Saudi Reinsurance Company (A Saudi Joint Stock Company)
 NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
 31 March 2009

9. 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 general and administrative expenses, and board of directors remuneration and expenses.

Segment assets do not include reinsurance operations cash and cash equivalents, prepayments and other assets, due from shareholders' operations, property and equipment, net.

Segment liabilities do not include accrued expenses and other liabilities, due to shareholders operations, employees' end of service benefits, provision for zakat and income tax and due to reinsurance operations.

9.1 Business segments

	Engineering SR	Fire SR	Marine SR	Motor SR	Others SR	Shareholders SR	Total SR
For the three months ended 31 March 2009 (Unaudited)							
Reinsurance operations							
Gross premiums written	2,353,759	3,381,712	1,461,239	599,022	259,478	-	8,055,210
Retroceded premiums	(1,767,864)	(2,544,599)	(1,000,842)	-	(169,569)	-	(5,482,874)
Net premiums written	585,895	837,113	460,397	599,022	89,909	-	2,572,336
Change in net unearned premiums	(516,449)	(640,758)	(329,564)	(524,144)	(77,191)	-	(2,088,106)
Net premiums earned	69,446	196,355	130,833	74,878	12,718	-	484,230
Change in net outstanding claims	(51,963)	(121,071)	(70,008)	(72,728)	(6,834)	-	(322,604)
Acquisition costs	(54,344)	(172,374)	(119,759)	(13,344)	(8,312)	-	(368,133)
Commissions on retroceded business	47,995	157,300	98,755	-	6,848	-	310,898
Excess of loss expenses	(164,936)	(164,936)	(74,891)	(68,317)	-	-	(473,080)
Net underwriting results	(153,802)	(104,726)	(35,070)	(79,511)	4,420	-	(368,689)
Shareholders'							
Special commission income from time deposits	-	-	-	-	-	-	10,377,607
Fair value gains on investment held at fair value through income statement	-	-	-	-	-	-	905,514
Net deficit transferred from reinsurance operations	-	-	-	-	-	-	(4,959,709)
Net income for the period	-	-	-	-	-	-	6,323,412
At 31 March 2009 (Unaudited)							
Segment assets	7,690,876	5,993,530	2,159,589	458,556	375,218	1,032,255,941	1,048,933,710
Segment liabilities	8,401,318	6,542,370	2,334,984	642,585	365,823	407,106	18,694,186
At 31 December 2008 (Audited)							
Segment assets	4,306,150	950,900	128,545	-	-	1,026,051,077	1,031,436,672
Segment liabilities	4,407,531	1,085,425	126,778	-	-	525,654	6,145,388

Saudi Reinsurance Company (A Saudi Joint Stock Company)
 NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
 31 March 2009

9. SEGMENTAL INFORMATION (continued)

9.2 Geographical segments

	Kingdom of Saudi Arabia SR	Other Middle Eastern countries SR	Africa SR	Total SR
For the three months ended 31 March 2009 (Unaudited)				
Reinsurance operations'				
Gross premiums written	6,646,740	700,278	708,192	8,055,210
Retroceded premiums	(4,657,202)	(432,816)	(392,856)	(5,482,874)
Net premiums written	1,989,538	267,462	315,336	2,572,336
Change in net unearned premiums	(1,655,955)	(205,112)	(227,039)	(2,088,106)
Net premiums earned	333,583	62,350	88,297	484,230
Change in net outstanding claims	(238,213)	(37,502)	(46,889)	(322,604)
Acquisition costs	(300,311)	(19,730)	(48,092)	(368,133)
Commissions on retroceded business	258,648	18,202	34,048	310,898
Excess of loss expenses	(473,080)	-	-	(473,080)
Net underwriting results	(419,373)	23,320	27,364	(368,689)
Shareholders'				
Special commission income from time deposits	10,377,607	-	-	10,377,607
Fair value gains on investment held at fair value through income statement	905,514	-	-	905,514
Net deficit transferred from reinsurance operations	(4,959,709)	-	-	(4,959,709)
	6,323,412	-	-	6,323,412
At 31 March 2009 (Unaudited)				
Reinsurance operations				
Segment assets	13,648,466	1,425,016	1,604,287	16,677,769
Segment liabilities	14,933,064	1,609,094	1,744,922	18,287,080
Shareholders'				
Segment assets	1,032,255,941	-	-	1,032,255,941
Segment liabilities	407,106	-	-	407,106
At 31 December 2008 (Audited)				
Reinsurance operations				
Segment assets	4,190,064	580,690	614,841	5,385,595
Segment liabilities	4,210,392	634,312	775,030	5,619,734
Shareholders'				
Segment assets	1,026,051,077	-	-	1,026,051,077
Segment liabilities	525,654	-	-	525,654

10. CONTINGENT LIABILITY

The Company may be liable for potential liabilities in respect of the period prior to incorporation. The Company believes it is unlikely that any such liability will arise.

11. EARNINGS PER SHARE

Earnings per share for the three months ended 31 March 2009 has been calculated by dividing net income for the period by the ordinary issued and outstanding shares at the period-end.

12. APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

These interim condensed financial statements have been approved by the Board of Directors on 19 Rabi Al Thani 1430 H (corresponding to 15 April 2009).