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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 AND SIX MONTH PERIODS ENDED 30 JUNE 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 And Six Month Periods Ended 30 June 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 30 June 2011, and the related interim statements of reinsurance operations, shareholders' operations, shareholders' comprehensive operations for the three and six month periods then ended and the interim statements of changes in shareholders' equity, reinsurance operations and shareholders' cash flows for the six month period then ended and the notes which form an integral part of these interim condensed financial statements. These interim condensed financial statements are the responsibility of the Company's management and have been prepared by them in accordance with International Accounting Standard (IAS 34) "Interim Financial Reporting" and submitted to us together with all the information and explanations which we required. We conducted our limited review in accordance with the Standard on Review of Interim Financial Reporting issued by the Saudi Organization for Certified Public Accountants (SOCPA). A limited review consists principally of applying analytical procedures to financial data and information and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with Generally Accepted Auditing Standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.


**CONCLUSION**

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

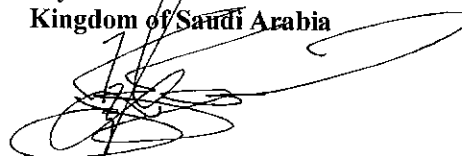
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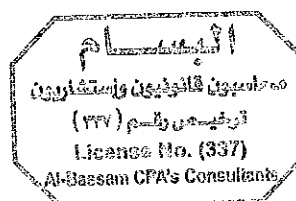


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17 Sha'baan 1432 H  
18 July 2011



# Saudi Reinsurance Company (A Saudi Joint Stock Company)

## INTERIM STATEMENT OF FINANCIAL POSITION

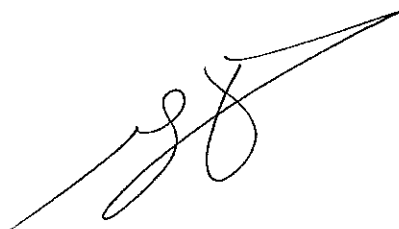
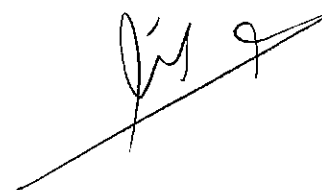
As At 30 June 2011

	Notes	30 June 2011 (Unaudited) SR	31 December 2010 (Audited) SR
<b>REINSURANCE OPERATIONS' ASSETS</b>			
Cash and cash equivalents	4	3,857,818	3,935,529
Investments held at fair value through income statement	7	26,887,787	-
Premiums receivable		12,780,899	10,641,763
Accrued insurance premiums		62,174,899	28,750,649
Retroceded share of unearned premiums		52,325,019	34,253,299
Retroceded share of outstanding claims		54,669,474	39,410,609
Deferred acquisition costs		24,785,527	14,352,440
Prepaid expenses and other assets		1,074,305	1,435,111
Due from shareholders' operations		11,188,917	26,734,061
Property and equipment, net		2,417,291	2,345,905
<b>TOTAL REINSURANCE OPERATIONS' ASSETS</b>		<b>252,161,936</b>	<b>161,859,366</b>
<b>SHAREHOLDERS' ASSETS</b>			
Cash and cash equivalents	4	56,696,730	1,168,051
Time deposits	5	255,760,245	403,925,060
Accrued special commission income from time deposits		2,268,145	5,697,284
Accrued special commission income from bonds		3,571,595	2,996,077
Investments held at fair value through income statement	7	358,472,812	307,400,220
Held to maturity investments	8	212,433,623	211,322,003
Statutory deposit	6	100,000,000	100,000,000
Other assets		2,359,150	1,757,379
<b>TOTAL SHAREHOLDERS' ASSETS</b>		<b>991,562,300</b>	<b>1,034,266,074</b>
<b>TOTAL ASSETS</b>		<b>1,243,724,236</b>	<b>1,196,125,440</b>
<b>REINSURANCE OPERATIONS' LIABILITIES</b>			
Retrocession balances payable		13,810,178	15,362,298
Accrued retroceded premiums		31,922,978	16,024,650
Gross unearned premiums		93,756,875	54,120,481
Gross outstanding claims		86,244,680	57,170,229
Unearned commission income		15,322,041	10,409,218
Accrued expenses and other liabilities		10,465,035	7,825,791
Employees' end of service benefits		640,149	946,699
<b>TOTAL REINSURANCE OPERATIONS' LIABILITIES</b>		<b>252,161,936</b>	<b>161,859,366</b>
<b>SHAREHOLDERS' LIABILITIES AND EQUITY</b>			
<b>SHAREHOLDERS' LIABILITIES</b>			
Provision for zakat and income tax		15,353,829	21,359,836
Due to reinsurance operations		11,188,917	26,734,061
Other liabilities		2,359,150	1,757,379
<b>TOTAL SHAREHOLDERS' LIABILITIES</b>		<b>28,901,896</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		(43,410,520)	(21,656,126)
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>962,660,404</b>	<b>984,414,798</b>
<b>TOTAL SHAREHOLDERS' LIABILITIES AND EQUITY</b>		<b>991,562,300</b>	<b>1,034,266,074</b>
<b>TOTAL REINSURANCE OPERATIONS' LIABILITIES AND SHAREHOLDERS' LIABILITIES AND EQUITY</b>		<b>1,243,724,236</b>	<b>1,196,125,440</b>

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 And Six Month Periods Ended 30 June 2011

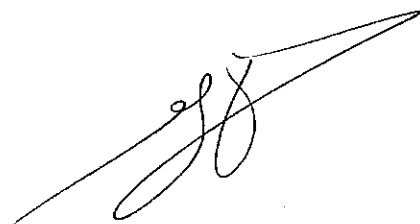
Notes	For The Three Month Period Ended		For The Six Month Period Ended	
	30 June 2011 SR	30 June 2010 SR	30 June 2011 SR	30 June 2010 SR
Gross premiums written	19,011,664	18,161,281	98,693,946	61,665,599
Retroceded premiums	(11,294,219)	(14,140,227)	(51,270,164)	(41,408,698)
<b>Net premiums written</b>	<b>7,717,445</b>	<b>4,021,054</b>	<b>47,423,782</b>	<b>20,256,901</b>
Change in net unearned premiums	4,613,732	1,681,345	(21,564,674)	(9,216,026)
<b>Net premiums earned</b>	<b>12,331,177</b>	<b>5,702,399</b>	<b>25,859,108</b>	<b>11,040,875</b>
Net claims paid	(6,066,557)	(1,212,382)	(7,856,932)	(2,044,270)
Change in net outstanding claims	(5,773,486)	(5,697,847)	(13,815,587)	(11,904,611)
Gross acquisition costs	(7,526,666)	(4,435,038)	(15,919,429)	(8,510,763)
Commissions on retroceded business	4,939,848	3,651,305	10,290,989	6,794,445
Excess of loss expenses	(491,910)	(314,075)	(1,573,828)	(666,798)
Supervision and inspection fees	(298,839)	(67,356)	(648,072)	(244,223)
<b>Net underwriting results</b>	<b>(2,886,433)</b>	<b>(2,372,994)</b>	<b>(3,663,751)</b>	<b>(5,535,345)</b>
Unrealized gains on investments held at fair value through income statement	7 68,172	-	153,725	-
General and administrative expenses	(7,255,172)	(7,295,383)	(20,774,333)	(11,979,659)
Board of directors' remunerations and expenses	9 (115,730)	(382,121)	(217,672)	(716,769)
<b>Net deficit from reinsurance operations results</b>	<b>(10,189,163)</b>	<b>(10,050,498)</b>	<b>(24,502,031)</b>	<b>(18,231,773)</b>
Net deficit transferred to the interim statement of shareholders' operations	10,189,163	10,050,498	24,502,031	18,231,773
<b>Net result for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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' OPERATIONS (UNAUDITED)**  
For The Three And Six Month Periods Ended 30 June 2011

	Notes	For The Three Month Period Ended		For The Six Month Period Ended	
		30 June 2011 SR	30 June 2010 SR	30 June 2011 SR	30 June 2010 SR
Special commission income from time deposits		2,215,424	3,233,345	5,182,545	5,935,746
Special commission income from bonds		2,316,591	2,290,976	4,611,175	3,553,630
Realized gains on investments held at fair value through income statement	7	64,832	240,218	70,180	599,630
Unrealized gains on investments held at fair value through income statement	7	865,779	953,673	1,699,221	1,681,525
Foreign exchange translation gains / (losses)		133,984	(2,705,416)	1,492,447	(5,219,270)
Other expenses		-	(106)	-	(23,591)
Net deficit transferred from reinsurance operations results		(10,189,163)	(10,050,498)	(24,502,031)	(18,231,773)
<b>Net loss for the period</b>		<b>(4,592,553)</b>	<b>(6,037,808)</b>	<b>(11,446,463)</b>	<b>(11,704,103)</b>
<b>Basic and diluted loss per share for the period</b>	11	<b>(0.0459)</b>	<b>(0.0604)</b>	<b>(0.1145)</b>	<b>(0.1170)</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>



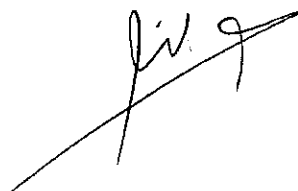

The accompanying notes 1 to 12 form an integral part of these interim condensed financial statements.

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

**INTERIM STATEMENT OF SHAREHOLDERS' COMPREHENSIVE OPERATIONS (UNAUDITED)**

For The Three And Six Month Periods Ended 30 June 2011

	For The Three Month Period Ended		For The Six Month Period Ended	
	30 June 2011 SR	30 June 2010 SR	30 June 2011 SR	30 June 2010 SR
Net loss for the period	(4,592,553)	(6,037,808)	(11,446,463)	(11,704,103)
Other comprehensive expenses:				
Zakat and income tax	(4,899,655)	(5,784,670)	(10,307,931)	(11,652,702)
Total comprehensive loss for the period	(9,492,208)	(11,822,478)	(21,754,394)	(23,356,805)



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 Six Month Period Ended 30 June 2011**

	GCC Founding Shareholders and general public			Non - GCC Founding Shareholders			Total			
	Share capital	Statutory reserve	Accumulated deficit	Share capital	Statutory reserve	Retained earnings	Share capital	Statutory reserve	Accumulated deficit	
	SR	SR	SR	SR	SR	SR	SR	SR	SR	
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)	1,005,632,800
Net loss for the period	-	-	(11,013,561)	-	-	(690,842)	-	-	(11,704,103)	(11,704,103)
Zakat and income tax	-	-	(11,652,702)	-	-	-	-	-	(11,652,702)	(11,652,702)
Balance as at 30 June 2010	941,000,000	5,712,740	(24,177,167)	59,000,000	358,184	382,038	1,000,000,000	6,070,924	(23,795,129)	982,275,795
Balance as at 1 January 2011	941,000,000	5,712,740	(22,731,362)	59,000,000	358,184	1,075,236	1,000,000,000	6,070,924	(21,656,126)	984,414,798
Net loss for the period	-	-	(10,771,122)	-	-	(675,341)	-	-	(11,446,463)	(11,446,463)
Zakat and income tax	-	-	(10,307,931)	-	-	-	-	-	(10,307,931)	(10,307,931)
Balance as at 30 June 2011	941,000,000	5,712,740	(43,810,415)	59,000,000	358,184	399,895	1,000,000,000	6,070,924	(43,410,520)	962,650,404




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

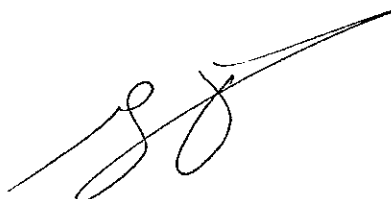


**Saudi Reinsurance Company (A Saudi Joint Stock Company)**

**INTERIM STATEMENT OF REINSURANCE OPERATIONS' CASH FLOWS (UNAUDITED)**

For The Six Month Period Ended 30 June 2011

	30 June 2011 SR	30 June 2010 SR
<b>OPERATING ACTIVITIES</b>		
Net result for the period	-	-
Adjustments for:		
Employees' end of service benefits	303,710	108,945
Depreciation	491,600	501,474
Unrealized gains on investments held at fair value through income statement	(153,725)	-
Gains from disposal of property and equipment	(146,695)	-
Operating profit before changes in operating assets and liabilities	494,890	610,419
<b>Changes in operating assets and liabilities:</b>		
Premiums receivable	(2,139,136)	3,213,287
Accrued insurance premiums	(33,424,250)	(17,253,001)
Retroceded share of unearned premiums	(18,071,720)	(18,544,905)
Retroceded share of outstanding claims	(15,258,865)	(33,447,916)
Deferred acquisition costs	(10,433,087)	(7,449,620)
Prepaid expenses and other assets	360,806	473,048
Due from shareholders' operations	(11,188,918)	(10,871,291)
Retrocession balances payable	(1,552,120)	2,688,119
Accrued retroceded premiums	15,898,328	10,975,240
Gross unearned premiums	39,636,394	27,760,930
Gross outstanding claims	29,074,451	45,352,526
Unearned commission income	4,912,823	5,672,403
Accrued expenses and other liabilities	2,639,244	(430,190)
Employees' end of service benefits paid	(610,260)	(28,322)
<b>Net cash from operating activities</b>	<b>338,580</b>	<b>8,722,727</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(566,291)	(145,239)
Proceeds from disposal of property and equipment	150,000	-
<b>Net cash used in investing activities</b>	<b>(416,291)</b>	<b>(145,239)</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(77,711)</b>	<b>8,577,488</b>
Cash and cash equivalents at the beginning of the period	3,935,529	2,716,710
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>3,857,818</b>	<b>11,294,198</b>
<b>Non - cash transactions:</b>		
Transfer of investments held at fair value through income statement from shareholders' operations	26,734,062	-




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 Six Month Period Ended 30 June 2011

	30 June 2011 SR	30 June 2010 SR
<b>OPERATING ACTIVITIES</b>		
Net loss for the period	(11,446,463)	(11,704,103)
Adjustments for:		
Realized gains on investments held at fair value through income statement	(70,180)	(599,630)
Unrealized gains on investments held at fair value through income statement	(1,699,221)	(1,681,525)
Operating deficit before changes in operating assets and liabilities:	(13,215,864)	(13,985,258)
<b>Changes in operating assets and liabilities:</b>		
Due to reinsurance operations	11,188,918	10,871,291
Other assets	(601,771)	(257,266)
Other liabilities	601,771	257,266
Zakat and income tax paid	(16,313,938)	(24,116,243)
<b>Net cash used in operating activities</b>	<b>(18,340,884)</b>	<b>(27,230,210)</b>
<b>INVESTING ACTIVITIES</b>		
Proceeds from investments held at fair value through income statement	24,491,147	636,000,001
Accrued special commission income from time deposits	3,429,139	(2,191,315)
Accrued special commission income from bonds	(575,518)	(2,288,128)
Investments held at fair value through income statement	(100,528,400)	(459,310,000)
Time deposits, net	148,164,815	(52,908,742)
Held to maturity investments	(1,111,620)	(93,956,713)
<b>Net cash from investing activities</b>	<b>73,869,563</b>	<b>25,345,103</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>55,528,679</b>	<b>(1,885,107)</b>
Cash and cash equivalents at the beginning of the period	1,168,051	1,945,304
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>56,696,730</b>	<b>60,197</b>
<b>Non - cash transactions:</b>		
Transfer of investments held at fair value through income statement to reinsurance operations	26,734,062	-

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

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

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

For The Three And Six Month Periods Ended 30 June 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 30025, Riyadh 11372, 6<sup>th</sup> Floor, Arch 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 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. 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 investments 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 annual financial statements for the year ended 31 December 2010. The new standards, amendments to standards and interpretations 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.

#### 4. CASH AND CASH EQUIVALENTS

	30 June 2011 (Unaudited)		31 December 2010 (Audited)	
	Reinsurance operations SR	Shareholders' operations SR	Reinsurance operations SR	Shareholders' operations SR
Cash on hand	-	5,000	-	6,252
Cash at banks	3,857,818	522,335	3,935,529	1,161,799
Time deposits	-	56,169,395	-	-
	<u>3,857,818</u>	<u>56,696,730</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 2.15% 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 2.61% 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.

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

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

For The three And Six Month Periods Ended 30 June 2011

#### 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.

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

	For the six month period ended 30 June 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
Subscriptions	-	100,528,400	-	523,200,000
Disposals	-	(24,491,147)	-	(794,003,090)
Transfer from shareholders' operations to reinsurance operations	26,734,062	(26,734,062)	-	-
Unrealized gains	153,725	1,699,221	-	2,915,876
Realized gains	-	70,180	-	1,654,717
<b>Ending balance</b>	<b>26,887,787</b>	<b>358,472,812</b>	<b>-</b>	<b>307,400,220</b>

The resulting effect of disposal of units in investment funds during the three and six month periods ended 30 June 2011 and 2010 on the realized gains in the interim statement of shareholders' operations is as follows:

	For the three month period ended 30 June SR		For the six month period ended 30 June SR	
	2011	2010	2011	2010
	(Unaudited)		(Unaudited)	
Proceeds from disposal of units	16,500,000	128,000,001	24,491,147	636,000,001
Less: Historical cost of disposed units	(16,253,912)	(127,726,200)	(24,176,964)	(629,896,673)
	246,088	273,801	314,183	6,103,328
Less: Accumulated unrealized gains for disposed units which were recognized in previous periods in the interim statement of shareholders' operations	(181,256)	(33,583)	(244,003)	(5,503,698)
<b>Realized gains from disposed units for the period</b>	<b>64,832</b>	<b>240,218</b>	<b>70,180</b>	<b>599,630</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 4.38% per annum (31 December 2010: 4.35% per annum).

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

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

For The Three And Six Month Periods Ended 30 June 2011

#### 9. 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	Amount of transactions for the six month period ended		Balance as at	Balance as at
		30 June 2011 (Unaudited) SR	30 June 2010 (Unaudited) SR	30 June 2011 (Unaudited) SR	31 December 2010 (Audited) SR
Board of directors	Consulting fees	-	715,628	-	-
	Remunerations	-	450,000	257,130	257,130
	Expenses	217,672	266,769	206,500	132,000
Key management personnel	Short term benefits	7,808,560	4,812,292	750,000	4,500,000
	End of service benefits	149,526	131,621	226,529	647,609

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

#### 10. 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.

##### 10.1 Business segments

	Engineering SR	Fire SR	Marine SR	Motor SR	Life SR	Others SR	Total SR
<b>For the three month period ended 30 June 2011 (Unaudited)</b>							
<b>Reinsurance operations' results</b>							
Gross premiums written	6,752,335	10,186,085	1,234,961	(533,432)	1,073,097	298,618	19,011,664
Retroceded premiums	(4,693,121)	(5,810,494)	(734,694)	-	(30,994)	(24,916)	(11,294,219)
<b>Net premiums written</b>	<b>2,059,214</b>	<b>4,375,591</b>	<b>500,267</b>	<b>(533,432)</b>	<b>1,042,103</b>	<b>273,702</b>	<b>7,717,445</b>
Change in net unearned premiums	304,256	59,285	1,781,566	2,309,018	(451,857)	611,464	4,613,732
<b>Net premiums earned</b>	<b>2,363,470</b>	<b>4,434,876</b>	<b>2,281,833</b>	<b>1,775,586</b>	<b>590,246</b>	<b>885,166</b>	<b>12,331,177</b>
Net claims paid	(230,972)	(3,461,546)	(281,593)	(1,892,801)	(119,865)	(79,780)	(6,066,557)
Change in net outstanding claims	(765,361)	(3,449,224)	(1,005,327)	(373,634)	(39,292)	(140,648)	(5,773,486)
Gross acquisition costs	(1,962,361)	(2,970,036)	(1,702,727)	(408,924)	(29)	(482,589)	(7,526,666)
Commissions on retroceded business	1,492,822	2,087,899	1,070,830	(1,154)	979	288,472	4,939,848
Excess of loss expenses	(131,568)	(213,112)	(84,021)	(34,883)	-	(28,326)	(491,910)
Supervision and inspection fees	(92,763)	(152,245)	(34,278)	(3,822)	(5,365)	(10,366)	(298,839)
<b>Net underwriting results</b>	<b>673,267</b>	<b>(3,723,388)</b>	<b>244,717</b>	<b>(939,632)</b>	<b>426,674</b>	<b>431,929</b>	<b>(2,886,433)</b>
<b>Other items:</b>							
Depreciation	65,350	107,257	29,465	11,852	5,345	10,744	230,013

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

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

For The Three And Six Month Periods Ended 30 June 2011

#### 10. SEGMENTAL INFORMATION (continued)

##### 10.1 Business segments (continued)

	Engineering SR	Fire SR	Marine SR	Motor SR	Life SR	Others SR	Total SR
<b>For the three month period ended 30 June 2010 (Unaudited)</b>							
<b>Reinsurance operations' results</b>							
Gross premiums written	7,571,616	9,611,414	(139,845)	522,314	-	595,782	18,161,281
Retroceded premiums	(6,275,398)	(7,489,667)	108,219	(117,399)	-	(365,982)	(14,140,227)
<b>Net premiums written</b>	<b>1,296,218</b>	<b>2,121,747</b>	<b>(31,626)</b>	<b>404,915</b>	<b>-</b>	<b>229,800</b>	<b>4,021,054</b>
Change in net unearned premiums	(465,599)	365,805	677,360	929,635	-	174,144	1,681,345
<b>Net premiums earned</b>	<b>830,619</b>	<b>2,487,552</b>	<b>645,734</b>	<b>1,334,550</b>	<b>-</b>	<b>403,944</b>	<b>5,702,399</b>
Net claims paid	(28,765)	(584,296)	(55,699)	(487,884)	-	(55,738)	(1,212,382)
Change in net outstanding claims	(608,471)	(4,784,126)	(183,155)	7,382	-	(129,477)	(5,697,847)
Gross acquisition costs	(933,113)	(2,343,732)	(628,254)	(252,133)	-	(277,806)	(4,435,038)
Commissions on retroceded business	846,708	2,070,436	507,688	8,733	-	217,740	3,651,305
Excess of loss expenses	(74,428)	(141,486)	(69,515)	(31,537)	-	2,891	(314,075)
Supervision and inspection fees	(25,950)	(37,498)	1,243	(1,517)	-	(3,634)	(67,356)
<b>Net underwriting results</b>	<b>6,600</b>	<b>(3,333,150)</b>	<b>218,042</b>	<b>577,594</b>	<b>-</b>	<b>157,920</b>	<b>(2,372,994)</b>
<b>Other items:</b>							
Depreciation	83,855	118,797	15,410	15,710	-	12,371	246,143

	Engineering SR	Fire SR	Marine SR	Motor SR	Life SR	Others SR	Total SR
<b>For the six month period ended 30 June 2011 (Unaudited)</b>							
<b>Reinsurance operations' results</b>							
Gross premiums written	25,429,165	43,468,490	14,963,630	8,010,252	1,073,097	5,749,312	98,693,946
Retroceded premiums	(15,002,491)	(25,956,101)	(7,760,143)	(141)	(30,994)	(2,520,294)	(51,270,164)
<b>Net premiums written</b>	<b>10,426,674</b>	<b>17,512,389</b>	<b>7,203,487</b>	<b>8,010,111</b>	<b>1,042,103</b>	<b>3,229,018</b>	<b>47,423,782</b>
Change in net unearned premiums	(5,963,939)	(8,237,182)	(2,676,604)	(2,821,973)	(451,857)	(1,413,119)	(21,564,674)
<b>Net premiums earned</b>	<b>4,462,735</b>	<b>9,275,207</b>	<b>4,526,883</b>	<b>5,188,138</b>	<b>590,246</b>	<b>1,815,899</b>	<b>25,859,108</b>
Net claims paid	(374,890)	(3,801,466)	(444,901)	(3,075,193)	(119,865)	(40,617)	(7,856,932)
Change in net outstanding claims	(1,307,390)	(5,791,551)	(1,888,949)	(4,342,874)	(39,292)	(445,531)	(13,815,587)
Gross acquisition costs	(3,696,924)	(6,612,289)	(3,502,852)	(1,035,683)	(29)	(1,071,652)	(15,919,429)
Commissions on retroceded business	2,753,079	4,674,566	2,196,509	(1,154)	979	667,010	10,290,989
Excess of loss expenses	(436,962)	(617,307)	(141,931)	(106,791)	-	(270,837)	(1,573,828)
Supervision and inspection fees	(177,121)	(289,819)	(95,713)	(44,680)	(5,365)	(35,374)	(648,072)
<b>Net underwriting results</b>	<b>1,222,527</b>	<b>(3,162,659)</b>	<b>649,046</b>	<b>(3,418,237)</b>	<b>426,674</b>	<b>618,898</b>	<b>(3,663,751)</b>
<b>Other items:</b>							
Depreciation	126,664	216,519	74,535	39,900	5,345	28,637	491,600

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

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

For The Three And Six Month Periods Ended 30 June 2011

#### 10. SEGMENTAL INFORMATION (continued)

##### 10.1 Business segments (continued)

	Engineering SR	Fire SR	Marine SR	Motor SR	Life SR	Others SR	Total SR
<b>For the six month period ended 30 June 2010 (Unaudited)</b>							
<b>Reinsurance operations' results</b>							
Gross premiums written	17,417,778	27,567,761	7,172,387	5,587,330	-	3,920,343	61,665,599
Retroceded premiums	(13,328,351)	(20,330,224)	(5,004,577)	(117,399)	-	(2,628,147)	(41,408,698)
<b>Net premiums written</b>	<b>4,089,427</b>	<b>7,237,537</b>	<b>2,167,810</b>	<b>5,469,931</b>	<b>-</b>	<b>1,292,196</b>	<b>20,256,901</b>
Change in net unearned premiums	(2,468,842)	(2,717,588)	(756,935)	(2,735,069)	-	(537,592)	(9,216,026)
<b>Net premiums earned</b>	<b>1,620,585</b>	<b>4,519,949</b>	<b>1,410,875</b>	<b>2,734,862</b>	<b>-</b>	<b>754,604</b>	<b>11,040,875</b>
Net claims paid	(43,767)	(939,871)	(154,620)	(859,539)	-	(46,473)	(2,044,270)
Change in net outstanding claims	(789,897)	(9,791,540)	(395,295)	(497,193)	-	(430,686)	(11,904,611)
Gross acquisition costs	(1,722,757)	(4,218,419)	(1,475,536)	(524,124)	-	(569,927)	(8,510,763)
Commissions on retroceded business	1,514,583	3,642,947	1,178,050	8,733	-	450,132	6,794,445
Excess of loss expenses	(189,514)	(238,415)	(85,849)	(51,366)	-	(101,654)	(666,798)
Supervision and inspection fees	(68,735)	(109,768)	(25,556)	(24,636)	-	(15,528)	(244,223)
<b>Net underwriting results</b>	<b>320,498</b>	<b>(7,135,117)</b>	<b>452,069</b>	<b>786,737</b>	<b>-</b>	<b>40,468</b>	<b>(5,535,345)</b>
<b>Other items:</b>							
Depreciation	141,644	224,185	58,327	45,437	-	31,881	501,474
<b>As at 30 June 2011 (Unaudited)</b>							
Segment assets	53,566,887	91,054,156	31,344,560	16,779,205	2,247,834	12,043,176	206,735,818
Segment liabilities	62,109,908	106,170,374	36,548,180	19,564,780	2,621,004	14,042,506	241,056,752
<b>As at 31 December 2010 (Audited)</b>							
Segment assets	37,641,420	55,764,607	15,030,021	11,839,019	-	7,133,693	127,408,760
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 And Six Month Periods Ended 30 June 2011

#### 10. SEGMENTAL INFORMATION (continued)

##### 10.2 Geographical segments

	Kingdom of Saudi Arabia SR	Other Middle Eastern countries SR	Africa SR	Total SR
<b>For the three month period ended 30 June 2011 (Unaudited)</b>				
<b>Reinsurance operations' results</b>				
Gross premiums written	13,818,959	3,798,603	1,394,102	19,011,664
Retroceded premiums	(7,832,310)	(2,624,225)	(837,684)	(11,294,219)
<b>Net premiums written</b>	<b>5,986,649</b>	<b>1,174,378</b>	<b>556,418</b>	<b>7,717,445</b>
Change in net unearned premiums	4,377,384	403,989	(167,641)	4,613,732
<b>Net premiums earned</b>	<b>10,364,033</b>	<b>1,578,367</b>	<b>388,777</b>	<b>12,331,177</b>
Net claims paid	(5,808,597)	(253,503)	(4,457)	(6,066,557)
Change in net outstanding claims	(5,243,817)	(324,056)	(205,613)	(5,773,486)
Gross acquisition costs	(6,280,065)	(1,034,561)	(212,040)	(7,526,666)
Commissions on retroceded business	4,027,676	758,194	153,978	4,939,848
Excess of loss expenses	(399,655)	(58,108)	(34,147)	(491,910)
Supervision and inspection fees	(69,094)	(181,349)	(48,396)	(298,839)
<b>Net underwriting results</b>	<b>(3,409,519)</b>	<b>484,984</b>	<b>38,102</b>	<b>(2,886,433)</b>
<b>Other items:</b>				
Depreciation	187,444	32,946	9,623	230,013

	Kingdom of Saudi Arabia SR	Other Middle Eastern countries SR	Africa SR	Total SR
<b>For the three month period ended 30 June 2010 (Unaudited)</b>				
<b>Reinsurance operations' results</b>				
Gross premiums written	13,471,165	3,322,299	1,367,817	18,161,281
Retroceded premiums	(10,551,584)	(2,569,013)	(1,019,630)	(14,140,227)
<b>Net premiums written</b>	<b>2,919,581</b>	<b>753,286</b>	<b>348,187</b>	<b>4,021,054</b>
Change in net unearned premiums	1,629,383	184,895	(132,933)	1,681,345
<b>Net premiums earned</b>	<b>4,548,964</b>	<b>938,181</b>	<b>215,254</b>	<b>5,702,399</b>
Net claims paid	(1,183,831)	(37,471)	8,920	(1,212,382)
Change in net outstanding claims	(2,291,646)	(429,054)	(2,977,147)	(5,697,847)
Gross acquisition costs	(3,592,730)	(618,549)	(223,759)	(4,435,038)
Commissions on retroceded business	2,889,701	570,708	190,896	3,651,305
Excess of loss expenses	(243,559)	(30,652)	(39,864)	(314,075)
Supervision and inspection fees	(67,356)	-	-	(67,356)
<b>Net underwriting results</b>	<b>59,543</b>	<b>393,163</b>	<b>(2,825,700)</b>	<b>(2,372,994)</b>
<b>Other items:</b>				
Depreciation	189,360	44,491	12,292	246,143



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

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

For The Three And Six Month Periods Ended 30 June 2011

#### 10. SEGMENTAL INFORMATION (continued)

##### 10.2 Geographical segments (continued)

	Kingdom of Saudi Arabia SR	Other Middle Eastern countries SR	Africa SR	Total SR
<b>For the six month period ended 30 June 2011 (Unaudited)</b>				
<b>Reinsurance operations' results</b>				
Gross premiums written	83,665,493	12,057,474	2,970,979	98,693,946
Retroceded premiums	(42,030,575)	(7,488,077)	(1,751,512)	(51,270,164)
<b>Net premiums written</b>	<b>41,634,918</b>	<b>4,569,397</b>	<b>1,219,467</b>	<b>47,423,782</b>
Change in net unearned premiums	(19,759,726)	(1,256,070)	(548,878)	(21,564,674)
<b>Net premiums earned</b>	<b>21,875,192</b>	<b>3,313,327</b>	<b>670,589</b>	<b>25,859,108</b>
Net claims paid	(7,533,354)	(310,157)	(13,421)	(7,856,932)
Change in net outstanding claims	(12,634,206)	(937,231)	(244,150)	(13,815,587)
Gross acquisition costs	(13,283,523)	(2,213,758)	(422,148)	(15,919,429)
Commissions on retroceded business	8,487,724	1,504,699	298,566	10,290,989
Excess of loss expenses	(1,274,835)	(203,659)	(95,334)	(1,573,828)
Supervision and inspection fees	(418,327)	(181,349)	(48,396)	(648,072)
<b>Net underwriting results</b>	<b>(4,781,329)</b>	<b>971,872</b>	<b>145,706</b>	<b>(3,663,751)</b>
<b>Other items:</b>				
Depreciation	416,742	60,059	14,799	491,600

	Kingdom of Saudi Arabia SR	Other Middle Eastern countries SR	Africa SR	Total SR
<b>For the six month period ended 30 June 2010 (Unaudited)</b>				
<b>Reinsurance operations' results</b>				
Gross premiums written	48,738,496	11,043,528	1,883,575	61,665,599
Retroceded premiums	(32,634,096)	(7,395,580)	(1,379,022)	(41,408,698)
<b>Net premiums written</b>	<b>16,104,400</b>	<b>3,647,948</b>	<b>504,553</b>	<b>20,256,901</b>
Change in net unearned premiums	(7,325,111)	(1,803,312)	(87,603)	(9,216,026)
<b>Net premiums earned</b>	<b>8,779,289</b>	<b>1,844,636</b>	<b>416,950</b>	<b>11,040,875</b>
Net claims paid	(2,037,779)	(646)	(5,845)	(2,044,270)
Change in net outstanding claims	(7,781,698)	(1,119,731)	(3,003,182)	(11,904,611)
Gross acquisition costs	(6,831,658)	(1,186,278)	(492,827)	(8,510,763)
Commissions on retroceded business	5,396,841	1,005,139	392,465	6,794,445
Excess of loss expenses	(468,816)	(136,365)	(61,617)	(666,798)
Supervision and inspection fees	(244,223)	-	-	(244,223)
<b>Net underwriting results</b>	<b>(3,188,044)</b>	<b>406,755</b>	<b>(2,754,056)</b>	<b>(5,535,345)</b>
<b>Other items:</b>				
Depreciation	396,349	89,808	15,317	501,474

	Kingdom of Saudi Arabia SR	Other Middle Eastern countries SR	Africa SR	Total SR
<b>As at 30 June 2011 (Unaudited)</b>				
<b>Reinsurance operations</b>				
Segment assets	175,255,473	25,256,987	6,223,358	206,735,818
Segment liabilities	204,350,246	29,449,988	7,256,518	241,056,752
<b>As at 31 December 2010 (Audited)</b>				
<b>Reinsurance operations</b>				
Segment assets	101,589,165	22,145,008	3,674,587	127,408,760
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 And Six Month Periods Ended 30 June 2011**

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**11. BASIC AND DILUTED LOSS PER SHARE**

Loss per share for the three and six month periods ended 30 June 2011 and 2010 has been calculated by dividing net loss for the period by the weighted average number of ordinary issued and outstanding shares at the end of the period.

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

These interim condensed financial statements have been approved by the Board of Directors on 17 Sha'baan 1432 H corresponding to 18 July 2011.