

ALINMA TOKIO MARINE COMPANY
(A Saudi Joint Stock Company)

**UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS AND AUDITORS'
LIMITED REVIEW REPORT**

FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2014

**ALINMA TOKIO MARINE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

**UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS AND AUDITORS'
LIMITED REVIEW REPORT
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2014**

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AUDITORS' LIMITED REVIEW REPORT
TO THE SHAREHOLDERS' OF ALINMA TOKIO MARINE COMPANY
(A SAUDI JOINT STOCK COMPANY)

Scope of review

We have reviewed the accompanying interim statement of financial position of Alinma Tokio Marine Company – a Saudi Joint Stock Company (the “Company”) as at 31 March 2014, and the related interim statements of insurance operations, shareholders’ operations and comprehensive income, changes in shareholders’ equity, insurance operations’ cash flows and shareholders’ cash flows for the three month period then ended, and notes 1 to 13 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 Standards (“IAS 34”) and submitted to us together with all the information and explanations which we required. We conducted our review in accordance with the Standard on Review of Interim Financial Information 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 in the Kingdom of Saudi Arabia, the objective of which is the expression of an opinion on 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 matters

We draw attention to the following:

1. These interim condensed financial statements are prepared in accordance with International Financial Reporting Standards and not in accordance with the accounting standards generally accepted in the Kingdom of Saudi Arabia; and
2. We draw attention to note 2 to the interim condensed financial statements which sets out the fact that the Board of Directors of the Company has decided to recommend to the shareholders of the Company, not to pursue the transfer of insurance portfolios which were disclosed in the prospectus issued for initial public offering by the Company. The Company is in the process of seeking necessary approvals from shareholders, Saudi Arabia Monetary Agency and other regulatory authorities in the Kingdom of Saudi Arabia to complete legal formalities.

for KPMG Al Fozan & Al Sadhan

Khalil Ibrahim Al Sedais
Certified Public Accountant
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Bakr A. Abulkhair
Certified Public Accountant
Licence No. 101


15 Jumada Al-T'hani 1435H
15 April 2014



ALINMA TOKIO MARINE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2014

	Notes	31 March 2014 (Unaudited) SR' 000	31 December 2013 (Audited) SR'000
INSURANCE OPERATIONS' ASSETS			
Cash and bank balances	4	16,058	8,924
Premiums and reinsurance receivables, net	5	24,734	16,750
Reinsurers' share of outstanding claims	7	14,777	11,958
Reinsurers' share of unearned premiums		6,267	8,826
Deferred policy acquisition costs		1,473	1,218
Due from shareholders' operations		-	9,223
Prepayments and other assets		2,620	3,374
Furniture, fittings and office equipment		4,686	4,449
TOTAL INSURANCE OPERATIONS' ASSETS		70,615	64,722
SHAREHOLDERS' ASSETS			
Cash and bank balances	4	51,431	51,431
Murabaha deposits		15,384	15,384
Investments	6	28,627	45,383
Due from a related party	9	149	117
Prepayments and other assets		296	26
Due from insurance operations		801	-
Statutory deposit		20,000	20,000
TOTAL SHAREHOLDERS' ASSETS		116,688	132,341
TOTAL INSURANCE OPERATIONS' AND SHAREHOLDERS' ASSETS		187,303	197,063



Director



Chief Financial Officer




Chief Executive Officer

The accompanying notes 1 to 13 form an integral part of these unaudited interim condensed financial statements.

ALINMA TOKIO MARINE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM STATEMENT OF FINANCIAL POSITION (continued)
AS AT 31 MARCH 2014

	<i>Notes</i>	31 March 2014 (Unaudited) SR' 000	31 December 2013 (Audited) SR'000
INSURANCE OPERATIONS' LIABILITIES			
Gross outstanding claims	7	25,185	19,138
Reinsurance balances payable		7,326	12,253
Gross unearned premiums		20,336	18,066
Unearned reinsurance commission		1,498	1,665
Accrued expenses and other liabilities		14,031	11,985
Employees' end-of-service benefits		1,438	1,615
Due to shareholders' operations		801	-
TOTAL INSURANCE OPERATIONS' LIABILITIES		70,615	64,722
 SHAREHOLDERS' LIABILITIES AND EQUITY			
SHAREHOLDERS' LIABILITIES			
Accrued expenses and other liabilities		2,591	2,534
Due to insurance operations		-	9,223
Zakat and income tax payable	8	1,809	1,809
Total shareholders' liabilities		4,400	13,566
 SHAREHOLDERS' EQUITY			
Share capital		200,000	200,000
Accumulated losses		(87,712)	(81,225)
Total shareholders' equity		112,288	118,775
TOTAL SHAREHOLDERS' LIABILITIES AND EQUITY		116,688	132,341
TOTAL INSURANCE OPERATIONS' LIABILITIES, SHAREHOLDERS' LIABILITIES AND EQUITY		187,303	197,063


 Director


 Chief Executive Officer


 Chief Financial Officer

The accompanying notes 1 to 13 form an integral part of these unaudited interim condensed financial statements.

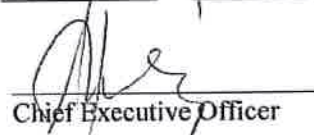
ALINMA TOKIO MARINE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM STATEMENT OF INSURANCE OPERATIONS
For the three-month period ended 31 March 2014

	<i>Notes</i>	2014 <i>(Unaudited)</i> SR '000	2013 <i>(Unaudited)</i> SR '000
REVENUES			
Gross written premiums		21,284	1,805
Reinsurance premiums ceded		(8,180)	(1,579)
Excess of loss premiums		(1,696)	(322)
Net written premiums		11,408	(96)
Changes in gross unearned premiums		(2,270)	(1,458)
Changes in reinsurance share of unearned premiums		(2,559)	1,288
Net change in unearned premiums		(4,829)	(170)
Net earned premiums		6,579	(266)
Reinsurance commission earned and other income		1,449	80
Total insurance revenues		8,028	(186)
CLAIMS AND EXPENSES			
Gross claims paid	7	(8,086)	-
Reinsurers' share of claims paid	7	5,384	-
Net claims paid	7	(2,702)	-
Changes in gross outstanding claims		(6,047)	(237)
Changes in reinsurers' share of outstanding claims		2,819	196
Net outstanding claims		(3,228)	(41)
Net claims incurred	7	(5,930)	(41)
Policy acquisition costs		(611)	(15)
Inspection and supervision fees		(99)	(7)
General and administrative expenses		(7,450)	(6,389)
Total claims and expenses		(14,090)	(6,452)
Net deficit for the period from insurance operations		(6,062)	(6,638)
Appropriation of net deficit transferred to the shareholders' operations		6,062	6,638
Net result for the period from insurance operations		-	-


Director


Chief Financial Officer


Chief Executive Officer

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ALINMA TOKIO MARINE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM STATEMENT OF SHAREHOLDERS' OPERATIONS
For the three-month period ended 31 March 2014

	<i>Notes</i>	2014 (Unaudited) SR '000	2013 (Unaudited) SR '000
INCOME			
Investment and other income		349	516
EXPENSES			
Net deficit transferred from insurance operations		(6,062)	(6,638)
General and administrative expenses		(774)	(446)
Total expenses		(6,836)	(7,084)
Net loss for the period from shareholders' operations		(6,487)	(6,568)
Loss per share (SR)	<i>10</i>	(0.32)	(0.33)


Director


Chief Financial Officer


Chief Executive Officer

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ALINMA TOKIO MARINE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM STATEMENT OF SHAREHOLDERS' COMPREHENSIVE INCOME
For the three-month period ended 31 March 2014


	<u>Note</u>	<u>2014</u> <u>(Unaudited)</u> <u>SR '000</u>	<u>2013</u> <u>(Unaudited)</u> <u>SR '000</u>
Net loss for the period from shareholders' operations		(6,487)	(6,568)
Other comprehensive expense			
Zakat for the period	8	-	-
Total comprehensive loss for the period from shareholders' operations		<u>(6,487)</u>	<u>(6,568)</u>



 Director



 Chief Financial Officer



 Chief Executive Officer

The accompanying notes 1 to 13 form an integral part of these unaudited interim condensed financial statements.

ALINMA TOKIO MARINE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
For the three-month period ended 31 March 2014

	Share capital (Unaudited)	Accumulated losses (Unaudited)	Total (Unaudited)
	SR '000	SR '000	SR '000
2014			
Balance as at 1 January 2014	200,000	(81,225)	118,775
Total comprehensive loss for the period	-	(6,487)	(6,487)
Balance as at 31 March 2014	200,000	(87,712)	112,288
2013			
Balance as at 1 January 2013	200,000	(48,022)	151,978
Total comprehensive loss for the period	-	(6,568)	(6,568)
Balance as at 31 March 2013	200,000	(54,590)	(145,410)


Director





Chief Financial Officer


Chief Executive Officer

The accompanying notes 1 to 13 form an integral part of these unaudited interim condensed financial statements.

ALINMA TOKIO MARINE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM STATEMENT OF INSURANCE OPERATIONS' CASH FLOWS
For the three-month period ended 31 March 2014

	<i>Note</i>	2014 (Unaudited) SR '000	2013 (Unaudited) SR '000
OPERATING ACTIVITIES			
Net result for the period from insurance operations		-	-
Adjustments for:			
Allowance for doubtful receivables		388	2
Depreciation		438	367
Employees' end of service benefits, net		(177)	184
Income before changes in operating assets and liabilities		<u>649</u>	<u>553</u>
<i>Changes in operating assets and liabilities:</i>			
Reinsurers' share of unearned premiums		2,559	(1,288)
Gross unearned premiums		2,270	1,458
Premiums and reinsurance receivables, net		(8,372)	(1,039)
Reinsurers' share of outstanding claims		(2,819)	(196)
Deferred policy acquisition cost		(255)	(113)
Prepayments and other assets		754	(718)
Gross outstanding claims		6,047	237
Due from shareholders' operations		10,024	288
Reinsurance balances payable		(4,927)	892
Unearned reinsurance commission		(167)	324
Accrued expenses and other liabilities		2,046	762
Net cash from operating activities		<u>7,809</u>	<u>1,160</u>
INVESTING ACTIVITIES			
Purchase of furniture, fittings and office equipment		(675)	(74)
Net cash used in investing activities		<u>(675)</u>	<u>(74)</u>
Net change in cash and bank balances		7,134	1,086
Cash and bank balances at the beginning of the period		<u>8,924</u>	<u>96</u>
Cash and bank balances at the end of the period	4	<u>16,058</u>	<u>1,182</u>
			
Director			
			
Chief Financial Officer			
			
Chief Executive Officer			

The accompanying notes 1 to 13 form an integral part of these unaudited interim condensed financial statements.


ALINMA TOKIO MARINE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM STATEMENT OF SHAREHOLDERS' CASH FLOWS
For the three-month period ended 31 March 2014

	<i>Note</i>	2014 <i>(Unaudited)</i> SR '000	2013 <i>(Unaudited)</i> SR '000
OPERATING ACTIVITIES			
Net loss for the period		(6,487)	(6,568)
Adjustment for:			
Realized gain on trading investments		(228)	(48)
Unrealized gain on trading investments		(16)	(333)
Loss before changes in operating assets and liabilities		(6,731)	(6,949)
<i>Changes in operating assets and liabilities:</i>			
Prepayments and other assets		(270)	(283)
Due from / to related parties		(32)	(15,987)
Due to insurance operations		(10,024)	(288)
Accrued expenses and other liabilities		57	(17)
Net cash used in operating activities		(17,000)	(23,524)
INVESTING ACTIVITIES			
Purchase of investments		(50,000)	-
Proceeds from sale of investments		67,000	24,000
Net cash from investing activities		17,000	24,000
Net change in cash and bank balances		-	476
Cash and bank balances at the beginning of the period		51,431	15,049
Cash and bank balances at the end of the period	4	51,431	15,525



Director



Chief Financial Officer



Chief Executive Officer

The accompanying notes 1 to 13 form an integral part of these unaudited interim condensed financial statements.

ALINMA TOKIO MARINE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the three-month period ended 31 March 2014

1. REPORTING ENTITY AND OPERATIONS

Alinma Tokio Marine Company (the "Company") is a Saudi Joint Stock Company incorporated in the Kingdom of Saudi Arabia as per the Ministry of Commerce and Industry's Resolution number 309/Q dated 19 Rajab 1433H (corresponding to 9 June 2012). The commercial registration number of the Company is 1010342537 dated 28 Rajab 1433H (corresponding to 18 June 2012). The registered office address of the Company is:

Al-Mosa Centre,
P.O. Box 643,
Riyadh 11421, Kingdom of Saudi Arabia.

The Company is licensed to conduct insurance business in the Kingdom of Saudi Arabia under cooperative principles in accordance with Royal Decree No. 25/M, dated 3 Jumada-Al Thani 1430H (corresponding to 27 June 2009), pursuant to the Council of Ministers' Resolution No. 140 dated 2 Jumada-Al Thani 1430H (corresponding to 26 June 2009). The Company was listed on the Saudi Stock Exchange (Tadawul) on 24 June 2012.

The objective of the Company is to engage in cooperative insurance operations and related activities, including reinsurance, agencies, representation, correspondence and intermediary activities, in the Kingdom of Saudi Arabia in accordance with its Articles of Association, and applicable regulations in the Kingdom of Saudi Arabia.

2. 2. INSURANCE PORTFOLIOS AND ASSET TRANSFER AGREEMENTS

After careful consideration, the Board of Directors of the Company has decided to recommend to the shareholders of the Company, not to pursue the transfer of the insurance portfolios of the Arab Eastern Insurance Company ("AEIC") and Tokio Marine & Nichido Fire Insurance Co. Limited ("TMNF"). These transfers were initially planned and disclosed in the prospectus issued for initial public offering of the Company. In line with the above mentioned recommendation of the Board of Directors, the Company is in the process of seeking necessary approvals from shareholders, Saudi Arabia Monetary Agency and other regulatory authorities in the Kingdom of Saudi Arabia to complete the related legal formalities. However, the Company shall make payments for fixed assets in its use to Hussein Aoueini Company ("HAC") at mutually agreed price.

ALINMA TOKIO MARINE COMPANY
(A SAUDI JOINT STOCK COMPANY)

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

For the three-month period ended 31 March 2014

3. BASIS OF PREPARATION

These interim condensed financial statements have been prepared in accordance with International Accounting Standard 34 – Interim Financial Reporting (“IAS 34”). Accordingly, these interim condensed financial statements are not intended to be a presentation in conformity with accounting standards generally accepted in the Kingdom of Saudi Arabia i.e. in accordance with standard of Interim Financial Reporting issued by the Saudi Organization for Certified Public Accountants.

In accordance with Article 70 of the SAMA Implementing Regulations, the Company proposes to distribute, subject to the approval of SAMA, its annual net policyholders’ surplus directly to policyholders at a time, and according to criteria, as set by its Board of Directors, provided the customer contract is active and paid up to date at the time of settlement of the cooperative distribution amount.

The accounting policies adopted by the Company for the preparation of these interim condensed financial statements are in accordance with International Financial Reporting Standards (“IFRS”).

The preparation of interim condensed financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities, if any, at the date of the interim condensed financial statements and the reported amounts of revenues and expenses during the interim reported period. Although these estimates and judgments are based on management’s best knowledge of current events and actions, actual results ultimately may differ from those estimates. In the opinion of management, 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.

These interim condensed financial statements for the three-month period ended 31 March 2014 do not include all the information and disclosures required for a complete set of financial statements prepared in accordance with the International Financial Reporting Standards. These interim condensed financial statements should be read in conjunction with the annual financial statements as at and for the period ended 31 December 2013.

The Company presents its interim statements of financial position broadly in order of liquidity. All financial assets and liabilities are expected to be recovered and settled respectively within twelve months after the interim reporting date.

The interim condensed financial statements are expressed in Saudi Arabian Riyals, being the functional currency of the Company and have been rounded off to the nearest thousand, unless otherwise specified. The Company’s interim results may not be indicative of its annual results.

ALINMA TOKIO MARINE COMPANY
(A SAUDI JOINT STOCK COMPANY)

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

For the three-month period ended 31 March 2014

3. BASIS OF PREPARATION (continued)

The accounting and risk management policies adopted in the preparation of these condensed interim financial statements are consistent with the Company's audited financial statements for the period ended 31 December 2013, except for the adoption of the following amendments to existing standards mentioned below which had no financial impact on the financial statements of the Company:

AMENDMENTS TO EXISTING STANDARDS

The following amendments and revisions, as issued by the International Accounting Standards Board (IASB) did not have any impact on the accounting policies, financial position or performance of the Company.

- Amendments to IFRS 10, IFRS 12, and IAS 27 that provide consolidation relief for investment funds applicable from 1 January 2014. This mandatory consolidation relief provides that a qualifying investment entity is required to account for investments in controlled entities as well as investments in associates and joint ventures at fair value through income statement provided it fulfils certain conditions with an exception being for subsidiaries that are considered an extension of the investment entity's investing activities;
- IAS 32 amendment applicable from 1 January 2014 clarifies that a) an entity currently has a legally enforceable right to off-set if that right is not contingent on a future event and enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties; and b) gross settlement is equivalent to net settlement if and only if the gross settlement mechanism has features that eliminate or result in insignificant credit and liquidity risk and processes receivables and payables in a single settlement process or cycle;
- IAS 36 amendment applicable retrospectively from 1 January 2014, addresses the disclosure of information about the recoverable amount of impaired assets. Under the amendments, recoverable amounts of every cash generating unit to which goodwill or indefinite – lived intangible assets have been allocated is required to be disclosed only when an impairment loss has been recognized or reversed; and
- IAS 39 amendment applicable from 1 January 2014 added a limited exception to IAS 39, to provide relief from discontinuing an existing hedging relationship when a novation that was not contemplated in the original hedging documentation meets specified criteria.

The Company has not early adopted any other standard, interpretation or amendment that has been issued for early adoption but is not yet effective.

ALINMA TOKIO MARINE COMPANY
(A SAUDI JOINT STOCK COMPANY)

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

For the three-month period ended 31 March 2014

4. 4.

CASH AND BANK BALANCES

	<i>31 March</i> <i>2014</i> <i>(Unaudited)</i> <i>SR '000</i>	<i>31 December</i> <i>2013</i> <i>(Audited)</i> <i>SR '000</i>
<i>Insurance operations</i>		
Cash in hand	40	42
Cash at banks – current accounts	<u>16,018</u>	<u>8,882</u>
	<u>16,058</u>	<u>8,924</u>

Cash at banks include an amount of SR 16.01 (2013: SR 8.87) million held with Alinma Bank, a related party.

Shareholders' operations

Cash at banks – current accounts	1,431	1,431
Short term Murabaha deposits	<u>50,000</u>	<u>50,000</u>
	<u>51,431</u>	<u>51,431</u>

Cash at banks and short term Murabaha deposits are held and placed with Alinma Bank, a related party. Short term Murabaha deposits are placed for a period ranging from 7 days to three months depending upon the immediate cash requirement of the Company.

5. 5. **PREMIUMS AND REINSURANCE RECEIVABLES, net**

	<i>31 March</i> <i>2014</i> <i>(Unaudited)</i> <i>SR '000</i>	<i>31 December</i> <i>2013</i> <i>(Audited)</i> <i>SR '000</i>
Premiums receivable – other customers	18,666	11,598
Premiums receivable – related party (note 9)	1,770	1,837
Reinsurance receivables	<u>5,858</u>	<u>4,487</u>
	<u>26,294</u>	<u>17,922</u>
Less: provision for doubtful receivables	<u>(1,560)</u>	<u>(1,172)</u>
	<u>24,734</u>	<u>16,750</u>

ALINMA TOKIO MARINE COMPANY
(A SAUDI JOINT STOCK COMPANY)

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

For the three-month period ended 31 March 2014

6. INVESTMENTS

(i) *Shareholders' Operations*

This represents investment in Najm for Insurance Services Company (classified as available for sale) and in open end commodity funds (classified as trading investments):

	<i>31 March 2014 (Unaudited)</i>	<i>31 December 2013 (Audited)</i>
	<i>SR'000</i>	<i>SR'000</i>
Investments		
Available for sale investment	1,923	1,923
Trading investments	26,704	43,460
	<u>28,627</u>	<u>45,383</u>

The movement during the period is as follows:

	<i>31 March 2014 (Unaudited)</i>	<i>31 December 2013 (Audited)</i>
	<i>SR '000</i>	<i>SR '000</i>
<i>Available for sale</i>		
Purchased during the period	1,923	2,423
Sold during the period	-	(500)
Balance at the end of the period	<u>1,923</u>	<u>1,923</u>

	<i>31 March 2014 (Unaudited)</i>	<i>31 December 2013 (Audited)</i>
	<i>SR '000</i>	<i>SR'000</i>
<i>Trading investments</i>		
Opening balance	43,460	-
Purchased during the period	50,000	291,987
Sold during the period	(67,000)	(249,565)
Realised gain during the period, net	228	976
Unrealised gain during the period, net	16	62
Balance at the end of the period	<u>26,704</u>	<u>43,460</u>

ALINMA TOKIO MARINE COMPANY
(A SAUDI JOINT STOCK COMPANY)

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

For the three-month period ended 31 March 2014

6. INVESTMENTS (continued)

(ii) **DETERMINATION OF FAIR VALUE AND FAIR VALUE HIERARCHY**

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 in the principal, or in its absence, the most advantageous market to which the Company has access at that date. Consequently, differences can arise between the carrying values and fair value estimates. The Company's financial assets consist of cash and cash equivalents, receivables, reinsurers' share of unearned premium and outstanding claims, other assets, investments, statutory deposits and accrued income and its financial liabilities consist of outstanding claims, reinsurance balance payable and accrued expenses and other liabilities.

The fair values of financial assets that are traded in active market are based on quoted market prices or dealer price quotations. For all other financial instruments the fair value is based on other valuation techniques. These are not materially different from their carrying values at the financial position date.

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

Level 1: quoted prices in active markets for identical assets or liabilities (i.e. without modification or repacking).

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

Level 3: prices based on valuation techniques for which significant inputs are not based on observable market data.

The table below presents the financial instruments at their fair values based on their fair value hierarchy.

As at 31 March 2014 (Unaudited)	(SR'000)			
	Level 1	Level 2	Level 3	Total
Trading investment				
- Investment in commodity fund	-	26,704	-	26,704
Available for sale investment				
- Unquoted equity investment	-	-	1,923	1,923
Total	-	26,704	1,923	28,627

ALINMA TOKIO MARINE COMPANY
(A SAUDI JOINT STOCK COMPANY)

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

For the three-month period ended 31 March 2014

6. INVESTMENTS (continued)

As at 31 December 2013 (Audited)	(SR'000)			Total
	Level 1	Level 2	Level 3	
Trading investment				
- Investment in commodity fund	-	43,460	-	43,460
Available for sale investment				
- Unquoted equity investment	-	-	1,923	1,923
Total	-	43,460	1,923	45,383

There were no transfers between the levels of fair value hierarchies during the period.

Level 3 investments comprise investment in unquoted equity instruments. The unquoted equity instruments are carried at an amount which as per the management is the best estimate of the exit price i.e. fair value.

7. CLAIMS

	Gross	Reinsurance	Net
	SR'000	share	SR'000
	SR'000	SR'000	SR'000
As at 31 March 2014 (Unaudited)			
Claims reported	11,583	(7,857)	3,726
IBNR and other reserves	13,602	(6,920)	6,682
	25,185	(14,777)	10,408
Claims paid during the three-month period ended 31 March 2014	8,086	(5,384)	2,702
As at 31 December 2013 (Audited)			
Claims reported	9,592	(8,298)	1,294
IBNR and other reserves	9,546	(3,660)	5,886
	19,138	(11,958)	7,180
Claims incurred during the three-month period ended 31 March 2014	14,133	(8,203)	5,930

ALINMA TOKIO MARINE COMPANY
(A SAUDI JOINT STOCK COMPANY)

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

For the three-month period ended 31 March 2014

7. CLAIMS (continued)

	Gross <i>SR'000</i>	Reinsurance share <i>SR'000</i>	Net <i>SR'000</i>
As at 31 March 2013 (Unaudited)			
Claims reported	-	-	-
IBNR and other reserves	2,135	(204)	1,931
	<u>2,135</u>	<u>(204)</u>	<u>1,931</u>
Claims paid during the three-month period ended 31 March 2013	-	-	-
As at 1 January 2013 (Unaudited)			
Claims reported	-	-	-
IBNR and other reserves	1,898	(8)	1,890
	<u>1,898</u>	<u>(8)</u>	<u>1,890</u>
Claims incurred during the three-month period ended 31 March 2013	237	(196)	41

During the period, the Company has setup a provision in respect of premium deficiency, amounting to SR 2.15 million, for Motor, Marine and General accident line of businesses. The Company created this provision based on the assumption that the unearned premiums for these business lines will not be sufficient to provide for the expected claims and other attributable expenses related to the unexpired periods of the policies in force at the statement of financial position date.

8. ZAKAT AND INCOME TAX

The Zakat and income tax payable by the Company has been calculated based on the best estimate of management.

Zakat

Movements in the Zakat payable are as follows:

	<i>31 March 2014 (Unaudited) SR' 000</i>	<i>31 December 2013 (Audited) SR'000</i>
Opening balance	1,809	-
Provided during the period	-	2,233
Paid during the period	-	(424)
Balance at end of the period	<u>1,809</u>	<u>1,809</u>

Income tax

The Company has incurred net loss during the period and therefore no income tax is due or charged to the unaudited interim statement of shareholder's comprehensive income.

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(continued)

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The Company has filed its first Zakat return with the Department of Zakat and Income Tax ("DZIT") for the period from 9 June 2012 (date of ministerial resolution) to 8 June 2013 however, the final assessment order has not yet been received.

9. RELATED PARTY TRANSACTIONS AND BALANCES

9.1 Following are the details of major related party transactions during the period and the related balances at the end of the period:

<u>Nature of Transaction</u>	<u>Related party</u>	<u>Three-month period ended 31 March 2014</u>	<u>Three-month period ended 31 March 2013</u>	<u>Balance as of 31 March 2014</u>	<u>Balance as of 31 December 2013</u>
		<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Audited)</u>
		<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>
		<u>Amount of transactions</u>			
Insurance premiums	Shareholder	<u>5,245</u>	<u>-</u>	<u>1,770</u>	<u>1,837</u>
Reinsurance premiums	Shareholder	<u>890</u>	<u>-</u>	<u>1,112</u>	<u>4,662</u>
Claims paid	Shareholder	<u>3,551</u>	<u>-</u>	<u>-</u>	<u>-</u>
Reinsurance Commission	Shareholder	<u>20</u>	<u>-</u>	<u>-</u>	<u>-</u>
General and administration expenses	Shareholders	<u>-</u>	<u>175</u>	<u>-</u>	<u>-</u>
	Associate	<u>36</u>	<u>21</u>	<u>149</u>	<u>117</u>
Murabaha Deposits	Shareholder	<u>50,000</u>	<u>-</u>	<u>50,000</u>	<u>50,000</u>

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

For the three-month period ended 31 March 2014

9. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

9.2 Information relating to key management personnel

	<i>Three-month period ended 31 March 2014 (Unaudited) SR '000</i>	<i>Three-month period ended 31 March 2013 (Unaudited) SR '000</i>
Short-term benefits	<u>1,469</u>	<u>1,112</u>
Long-term benefits	<u>38</u>	<u>52</u>

Short-term benefits include salaries and allowances whilst long-term benefits include employees' end of service benefits.

9.3 Board and sub-committee related expenses:

	<i>Three-month period ended 31 March 2014 (Unaudited) SR '000</i>	<i>Three-month period ended 31 March 2013 (Unaudited) SR '000</i>
Board of director's remuneration	<u>255</u>	<u>255</u>
Board and sub-committees attendance fee	<u>136</u>	<u>38</u>

Board and sub-committees attendance fees represent allowances for attending board and sub-committee meetings.

10. LOSS PER SHARE

Loss per share for the period has been calculated by dividing the net loss for the period by the weighted average number of ordinary shares issued and outstanding at the unaudited interim statement of financial position date (20 million shares). Diluted loss per share is not applicable for the Company for the period ended 31 March 2014.

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

For the three-month period ended 31 March 2014

11. CONTINGENT LIABILITIES AND COMMITMENTS

As at 31 March 2014, the Company had no contingent liabilities and commitments.

12. SEGMENT REPORTING

Segment information is presented in respect of the Company's business segments which are Fire, Marine, General Accident, Engineering, Motor and Group Credit based on the Company's management and internal reporting structure.

Operating segments do not include Shareholders' operations of the Company.

Segment assets do not include cash and bank balances, premiums and reinsurance receivables, due from shareholders' operations, prepayments and other assets and furniture, fittings and office equipment.

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

Segment results do not include general and administrative expenses.

These unallocated assets and liabilities (including the related charges for provision for doubtful debts on premium receivable and depreciation on the property and equipment) are monitored on a centralized basis.

Consistent with the Company's internal reporting process, operating segments have been approved by management in respect of the Company's activities, assets and liabilities. Information disclosed in the note is based on current reporting to the chief executive officer as follows:

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

For the three-month period ended 31 March 2014

12. SEGMENT REPORTING (continued)

The segment results for the three-month period ended 31 March 2014 are as follows:

	For the three-month period ended 31 March 2014 (Unaudited)						
	Fire SR '000	Marine SR '000	General accident SR '000	Engineering SR '000	Motor SR '000	Group credit SR '000	Total SR '000
REVENUES							
Gross written premiums	2,301	3,253	1,161	553	9,893	4,123	21,284
Reinsurance premiums ceded	(2,167)	(2,572)	(861)	(451)	-	(2,129)	(8,180)
Excess of loss premiums	(1,400)	(70)	(85)	(9)	(132)	-	(1,696)
Net written premiums	(1,266)	611	215	93	9,761	1,994	11,408
Net change in unearned premiums	862	(266)	(113)	(74)	(5,238)	-	(4,829)
Net earned premiums	(404)	345	102	19	4,523	1,994	6,579
Reinsurance commission earned and other income	811	397	199	29	10	3	1,449
Total insurance revenues	407	742	301	48	4,533	1,997	8,028
CLAIMS AND EXPENSES							
Net claims incurred	(680)	(244)	(41)	(9)	(4,047)	(909)	(5,930)
Policy acquisition costs	(102)	(36)	(20)	(6)	(447)	-	(611)
Inspection and supervision fees	(8)	(15)	(4)	(2)	(49)	(21)	(99)
General and administrative expenses							(7,450)
Net deficit from insurance operations							(6,602)

	For the three-month period ended 31 March 2013 (Unaudited)						
	Fire SR '000	Marine SR '000	General accident SR '000	Engineering SR '000	Motor SR '000	Group credit SR '000	Total SR '000
REVENUES							
Gross written premiums	1,330	154	237	84	-	-	1,805
Reinsurance premiums ceded	(1,209)	(90)	(201)	(79)	-	-	(1,579)
Excess of loss premiums	(226)	(62)	(28)	(6)	-	-	(322)
Net written premiums	(105)	2	8	(1)	-	-	(96)
Net change in unearned premiums	(98)	(42)	(25)	(5)	-	-	(170)
Net earned premiums	(203)	(40)	(17)	(6)	-	-	(266)
Reinsurance commission earned and other income	49	12	16	3	-	-	80
Total insurance revenues	(154)	(28)	(1)	(3)	-	-	(186)
CLAIMS AND EXPENSES							
Net claims incurred	(21)	(18)	(1)	(1)	-	-	(41)
Policy acquisition costs	(7)		(6)	(2)	-	-	(15)
Inspection and supervision fees	(6)	(1)	-	-	-	-	(7)
General and administrative expenses							(6,389)
Net deficit from insurance operations							(6,638)