

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

**FINANCIAL STATEMENTS  
AND INDEPENDENT JOINT AUDITORS' REPORT  
FOR THE PERIOD  
FROM 9 JUNE 2012 TO 31 DECEMBER 2012**

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

**FINANCIAL STATEMENTS  
FOR THE PERIOD FROM 9 JUNE 2012 TO 31 DECEMBER 2012**

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**Al Fozan & Al Sadhan**  
P. O. Box 55078  
Jeddah 21534  
Kingdom of Saudi Arabia  
License No. 46/11/323 issued 11/3/1992



Deloitte & Touche  
Bakr Abulkhair & Co.  
P.O. Box 442, Jeddah 21411  
Kingdom of Saudi Arabia

## **INDEPENDENT JOINT AUDITORS' REPORT**

### **THE SHAREHOLDERS ALINMA TOKIO MARINE COMPANY (A SAUDI JOINT STOCK COMPANY)**

#### **Scope of audit**

We have audited the accompanying statement of financial position of Alinma Tokio Marine Company – a Saudi Joint Stock Company ('the Company') as at 31 December 2012, and the related statements of insurance operations and accumulated surplus, shareholders' operations, shareholders' comprehensive income, insurance operations' cash flows, shareholders' cash flows and changes in shareholders' equity for the period then ended and the attached notes 1 through 24 which form an integral part of the financial statements. These financial statements are the responsibility of the Company's management and have been prepared by them in accordance with International Financial Reporting Standards and submitted to us together with all the information and explanations which we required.

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the Kingdom of Saudi Arabia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Unqualified opinion**

In our opinion, the financial statements taken as a whole, present fairly, in all material respects, the financial position of the Company as at 31 December 2012 and the results of its operations and its cash flows for the period then ended in accordance with International Financial Reporting Standards.

#### **Emphasis of matter**

We draw attention to the fact that these 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.

Without qualifying our opinion, we draw attention to note 2 to the 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 and acquisition of assets 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, SAMA and other regulatory authorities in the Kingdom of Saudi Arabia to complete legal formalities.

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As disclosed in note 1, per the Company's by-laws and Articles of Association, the Company's first fiscal year shall commence on the issuance date of the Ministerial Resolution announcing the incorporation of the Company, which was dated 19 Rajab 1433 H (corresponding to 9 June 2012), and will end on 31 December the following year, being 31 December 2013. These financial statements cover the period from 9 June 2012 to 31 December 2012 ('the period'), and have been prepared to comply with the requirements of the Capital Market Authority.

for KPMG Al Fozan & Al Sadhan

Ebrahim Oboud Baeshen  
Certified Public Accountant  
Licence No. 382



for Deloitte & Touche Bakr Abulkhair & Co

Al-Mutahhar Y. Hamiduddin  
Certified Public Accountant  
Licence No. 296

Rabi-ul-Thani 14, 1434H  
February 24, 2013  
Jeddah, Kingdom of Saudi Arabia



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

**STATEMENT OF FINANCIAL POSITION**

As at 31 December 2012


	<u>Note</u>	<u>2012</u> <u>SR '000</u>
<b>INSURANCE OPERATIONS' ASSETS</b>		
Cash and cash equivalents	5	96
Premiums receivable	6	240
Reinsurance share of outstanding claims	12	8
Reinsurance share of unearned premiums	13	281
Due from shareholders' operations	20	1,878
Prepayments and other assets	8	267
Furniture, fittings and office equipment	10	4,713
<b>Total insurance operations' assets</b>		<u>7,483</u>
<b>SHAREHOLDERS' ASSETS</b>		
Cash and cash equivalents	5	15,049
Murabaha deposit	7	15,000
Prepayments and other assets	8	29
Investments	9	126,526
Statutory deposit	11	20,000
<b>Total shareholders' assets</b>		<u>176,604</u>
<b>TOTAL INSURANCE OPERATIONS' AND SHAREHOLDERS' ASSETS</b>		<u>184,087</u>



Director



Chief Executive Officer



Chief Financial Officer


The accompanying notes 1 to 24 form an integral  
part of these financial statements.

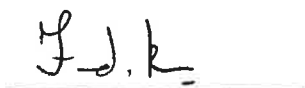
**ALINMA TOKIO MARINE COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**

**STATEMENT OF FINANCIAL POSITION**

As at 31 December 2012

	<u>Note</u>	<u>2012</u> <u>SR '000</u>
<b>INSURANCE OPERATIONS' LIABILITIES AND DEFICIT</b>		
Outstanding claims	12	1,898
Reinsurance balance payable		203
Unearned premiums	13	319
Unearned commission		75
Accrued expenses and other liabilities	14	4,057
Employees' end of service benefits		931
<b>Total insurance operations' liabilities</b>		<u>7,483</u>
Deficit from Insurance Operations		-
<b>Total insurance operations' liabilities and deficit</b>		<u>7,483</u>
 <b>SHAREHOLDERS' LIABILITIES AND EQUITY</b>		
<b>Shareholders' liabilities</b>		
Due to related parties	20	19,587
Accrued expenses and other liabilities	14	1,270
Due to insurance operations	20	1,878
Zakat payable	19	1,891
<b>Total shareholders' liabilities</b>		<u>24,626</u>
 <b>Shareholders' equity</b>		
Share capital	15	200,000
Accumulated loss		(48,022)
<b>Total shareholders' equity</b>		<u>151,978</u>
 <b>Total shareholders' liabilities and equity</b>		<u>176,604</u>
 <b>TOTAL INSURANCE OPERATIONS' LIABILITIES AND DEFICIT AND SHAREHOLDERS' LIABILITIES AND EQUITY</b>		<u>184,087</u>

  
 Director

  
 Chief Financial Officer

  
 Chief Executive Officer


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 part of these financial statements.

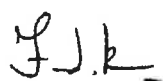
**ALINMA TOKIO MARINE COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**

**STATEMENT OF INSURANCE OPERATIONS AND ACCUMULATED SURPLUS**

For the period from 9 June 2012 to 31 December 2012

	<u>Note</u>	<u>2012</u> <u>SR '000</u>
<b>REVENUES</b>		
Gross written premiums	13	336
Reinsurance premiums ceded	13	(294)
Net written premiums		42
Changes in unearned premiums	13	(319)
Reinsurance share of unearned premiums	13	281
Net change in unearned premiums		(38)
Net earned premiums		4
Reinsurance commission earned and other income		5
<b>Total insurance revenues</b>		9
<b>CLAIMS AND EXPENSES</b>		
Gross claims paid	12	-
Reinsurance share of claims paid	12	-
<b>Net claims paid</b>		-
Changes in outstanding claims, net	12	(1,890)
<b>Net claims incurred</b>		(1,890)
General and administrative expenses	17	(6,723)
<b>Total claims and expenses</b>		(8,613)
<b>Net deficit for the period</b>		(8,604)
Net deficit transferred to statement of Shareholders' Operations	3	8,604
<b>Net result for the period</b>		-

  
 Director

  
 Chief Financial Officer


  
 Chief Executive Officer

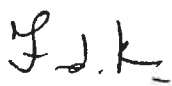
**ALINMA TOKIO MARINE COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**

**STATEMENT OF SHAREHOLDERS' OPERATIONS**

For the period from 9 June 2012 to 31 December 2012

	<u>Note</u>	<u>2012</u> <u>SR '000</u>
<b>INCOME</b>		
Investment and other income		693
<b>EXPENSES</b>		
Net deficit transferred from insurance operations	3	(8,604)
General and administrative expenses	17	(7,583)
Pre-incorporation expenses, net	18	(24,695)
<b>Total expenses</b>		<u>(40,882)</u>
<b>Net loss for the period</b>		<u>(40,189)</u>
Weighted average number of ordinary shares outstanding (in thousands)		<u>20,000</u>
Loss per share (Saudi Arabian Riyals)	22	<u>(2.01)</u>

  
 Director

  
 Chief Financial Officer

  
 Chief Executive Officer

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 part of these financial statements.




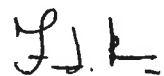
**ALINMA TOKIO MARINE COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**

**STATEMENT OF SHAREHOLDERS' COMPREHENSIVE INCOME**

For the period from 9 June 2012 to 31 December 2012

	<u>2012</u> <u>SR '000</u>
Net loss for the period	(40,189)
Other comprehensive expense	
Zakat for the period	(1,891)
Total comprehensive loss for the period	<u>(42,080)</u>

  
Director

  
Chief Financial Officer


  
Chief Executive Officer

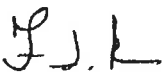
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**ALINMA TOKIO MARINE COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**

**STATEMENT OF INSURANCE OPERATIONS CASHFLOWS**  
For the period from 9 June 2012 to 31 December 2012

	<u>2012</u> <u>SR '000</u>
<b>OPERATING ACTIVITIES</b>	
Net deficit for the period after shareholders' appropriation	-
Adjustments for:	
Reinsurance share of unearned premiums	(281)
Unearned premiums	319
Depreciation	550
Employees' end of service benefits	931
	<u>1,519</u>
Changes in assets and liabilities:	
Premiums receivable	(240)
Reinsurance share of outstanding claims	(8)
Due from shareholders' operations	(1,878)
Prepayments and other assets	(267)
Outstanding claims	1,898
Reinsurance balance payable	203
Unearned commission	75
Accrued expenses and other liabilities	4,057
Net cash from operating activities	<u>5,359</u>
<b>INVESTING ACTIVITIES</b>	
Purchase of furniture, fittings and office equipment	(5,263)
Net cash used in investing activities	<u>(5,263)</u>
<b>Cash and cash equivalents at the end of the period</b>	<u>96</u>

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Chief Financial Officer

  
\_\_\_\_\_  
Chief Executive Officer


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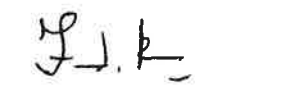
**ALINMA TOKIO MARINE COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**

**STATEMENT OF SHAREHOLDERS' CASH FLOWS**

For the period from 9 June 2012 to 31 December 2012

	<u>2012</u> <u>SR '000</u>
<b>OPERATING ACTIVITIES</b>	
Net loss for the period	(40,189)
Adjustment for:	
Investment income	(132)
	<u>(40,321)</u>
Changes in assets and liabilities:	
Statutory deposit	(20,000)
Due to related parties	19,587
Due to insurance operations	1,878
Accrued expenses and other liabilities	1,270
Net cash used in operating activities	<u>(37,586)</u>
<b>INVESTING ACTIVITIES</b>	
Purchase of investments	(126,423)
Murabaha deposit	(15,000)
Net cash used in investing activities	<u>(141,423)</u>
<b>FINANCING ACTIVITIES</b>	
Issue of share capital	200,000
Transaction costs on issue of share capital	(5,942)
Net cash from financing activities	<u>194,058</u>
<b>Cash and cash equivalents at the end of the period</b>	<u>15,049</u>

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Chief Financial Officer

  
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Chief Executive Officer

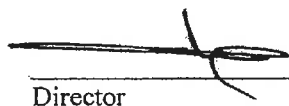
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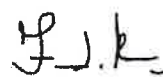
**ALINMA TOKIO MARINE COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**

**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

For the period from 9 June 2012 to 31 December 2012

	<b>Share capital SR '000</b>	<b>Accumulated loss SR '000</b>	<b>Total SR '000</b>
Issue of share capital	200,000	-	200,000
Transaction cost relating to issue of share capital (note 15)	-	(5,942)	(5,942)
Net loss for the period	-	(40,189)	(40,189)
Zakat for the period (note 19)	-	(1,891)	(1,891)
<b>Balance as at 31 December 2012</b>	<b>200,000</b>	<b>(48,022)</b>	<b>151,978</b>

  
 Director

  
 Chief Financial Officer

  
 Chief Executive Officer

The accompanying notes 1 to 24 form an integral  
 part of these financial statements.

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

**NOTES TO THE FINANCIAL STATEMENTS**

For the period from 9 June 2012 to 31 December 2012

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**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.

As per the Company’s by-laws and Articles of Association, the Company’s first fiscal year shall commence on the issuance date of the Ministerial Resolution announcing the incorporation of the Company, which was dated 19 Rajab 1433 H (corresponding to 9 June 2012), and will end on 31 December the following year, being 31 December 2013. These financial statements cover the period from 9 June 2012 to 31 December 2012 (‘the period’), and have been prepared to comply with the requirements of the Capital Market Authority.

These are the first financial statements of the Company and therefore no comparative information is presented in these financial statements.

**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) and acquisition of the assets of Hussein Aoueyni Company (HAC). These transfers and acquisition were initially planned and disclosed in the prospectus issued for initial public offering of the Company. In line with the recommendation of the Board of Directors, the Company is in the process of seeking necessary approvals from shareholders, SAMA and other regulatory authorities in the Kingdom of Saudi Arabia to complete legal formalities.

**NOTES TO THE FINANCIAL STATEMENTS**

For the period from 9 June 2012 to 31 December 2012

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**3. BASIS OF PREPARATION**

*Statement of compliance*

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS).

*Basis of measurement*

The financial statements are prepared under the historical cost convention modified to include the measurement at fair value of investments.

*Basis of presentation*

As required by the Saudi Arabian Insurance Regulations, the Company maintains separate books of accounts for the Insurance Operations and Shareholders' Operations. The physical custody of all assets related to the Insurance Operations and Shareholders' Operations are held by the Company. Revenues and expenses clearly attributable to either activity are recorded in the respective books of accounts. The basis of allocation of expenses from joint operations is determined by the management and the Board of Directors.

As per the by-laws of the Company, the deficit arising from the insurance operation is allocated fully to shareholders operations whereas the surplus arising from the Insurance Operations is distributed as follows:

Shareholders	90%
Policyholders	10%
	<hr/>
	100%
	<hr/>

*Functional and presentation currency*

The financial statements are expressed in Saudi Arabian Riyals (SR), which is the functional currency of the Company. All financial information presented in SR has been rounded off to the nearest thousand, unless otherwise indicated.

*Use of estimates and judgments*

*Estimation uncertainty*

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these estimates and assumptions could result in an outcome that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

The key assumptions concerning the future and other key sources of estimation uncertainty at the statement of financial position date, that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

**NOTES TO THE FINANCIAL STATEMENTS**

For the period from 9 June 2012 to 31 December 2012

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**3. BASIS OF PREPARATION (continued)**

*Technical reserve for insurance activities*

Judgment by management is required in the estimation of amounts due to policyholders and third parties arising from claims made under insurance contracts. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgement and uncertainty and actual results may differ from management's estimates resulting in future changes in estimated liabilities. The Company estimates its claims based on its experience of its insurance portfolio. Claims requiring court or arbitration decisions, if any, are estimated individually. Management reviews its provisions for claims incurred, and claims incurred but not reported, on a quarterly basis. Any difference between the provisions at the statement of financial position date and settlements and provisions in the following period is included in the Statement of Insurance Operations and accumulated surplus for that period. The provision for outstanding claims, as at 31 December, is also verified and certified by the Company's appointed external Actuary

*Useful life of furniture, fittings and office equipment*

The Company's management determines the estimated useful lives of its furniture, fittings, and office equipment for calculating depreciation. These estimates are determined after considering the expected usage of the assets or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.

*Fair values of financial instruments*

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable willing parties in an arm's length transaction.

The fair values of financial instruments are not materially different from their carrying values at the statement of 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 the same instrument (i.e., without modification or repackaging);

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

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

As at 31 December 2012, all financial instruments which are fair valued are Level 2 instruments.

**NOTES TO THE FINANCIAL STATEMENTS**

For the period from 9 June 2012 to 31 December 2012

**3. BASIS OF PREPARATION (continued)**

**NEW IFRS, IFRIC AND AMENDMENTS**

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.

<i>Standard/ Interpretation</i>	<i>Description</i>
IFRS 1	First-time adoption of International Financial Reporting Standards – Limited Exemption from Comparative IFRS 7 Disclosure for First-time Adopters.
IFRS 1	First-time Adoption of International Financial Reporting Standards (Amendment) – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters.
IFRS 7	Amendments to IFRS 7 Financial Instruments: Disclosures
IFRIC 14	Amendments to IFRIC 14 Prepayments of a Minimum Funding Requirement
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments
IAS 1	Amendments to IAS 1 Presentation of items of Other Comprehensive Income
IAS 12	Amendments to Income taxes – Deferred taxes: Recovery of underlying assets
IAS 24	Revision to IAS 24 Related Party Disclosures

**NEW IFRS, IFRIC AND AMENDMENTS THEREOF, ISSUED BUT NOT YET EFFECTIVE**

Standards issued but not yet effective up to the date of issuance of the Company financial statements are listed below. The listing is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt these standards when they become effective.

<i>Standard/ Interpretation</i>	<i>Description</i>	<i>Effective from periods beginning on or after the following date</i>
IFRS 7	Amendment to IFRS 7 Disclosure – offsetting financial assets and financial liabilities	1 January 2013
IFRS 9	Financial Instruments – Classification & Measurement	1 January 2015
IFRS 10	Consolidated Financial Statements	1 January 2013
IFRS 11	Joint arrangements: Investments in Associates & Joint ventures	1 January 2013
IFRS 12	Disclosures of interests in other entities	1 January 2013
IFRS 13	Fair value measurement	1 January 2013
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine.	1 January 2013
IAS 19	Revision to IAS 19 Employee benefits	1 January 2013
IAS 27	Separate financial statements	1 January 2013
IAS 28	Investment in associates and joint ventures	1 January 2013
IAS 32	Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities	1 January 2014

The Company is currently assessing the implication of the above mentioned standards, amendments or interpretations on the Company's financial statements.



**NOTES TO THE FINANCIAL STATEMENTS**

For the period from 9 June 2012 to 31 December 2012

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**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies used in preparing these financial statements are set out below:

***Cash and cash equivalents***

Cash and cash equivalents comprise cash and bank balances and Murabaha deposits that have original maturity period not exceeding three months.

***Murabaha deposits***

Murabaha deposits, with original maturity of more than three months, are initially recognized in the statement of financial position at fair value and are subsequently measured at amortised cost using the effective yield method, less any impairment in value.

***Premiums receivable***

Premiums receivable are recognized when the policies are issued. The carrying value of premiums receivable is reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable, with the impairment loss recorded in the statement of insurance operations.

***Reinsurance***

The Company cedes insurance risk in the normal course of business for all of its businesses. Reinsurance assets represent balances due from reinsurance companies. Recoverable amounts are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contract.

Ceded reinsurance arrangements do not relieve the Company from its obligations to policyholders.

Reinsurance liabilities represent balances due to reinsurance companies. Amounts payable are estimated in a manner consistent with the associated reinsurance contract.

Premiums and claims are presented on a gross basis.

***Segmental reporting***

A segment is a distinguishable component of the Company portfolio that is engaged in providing products or services (a business segment), which is subject to risk and rewards that are different from those of other segments.

***Leases***

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in the statement of insurance operations and accumulated surplus on a straight-line basis over the lease term.

***Foreign currencies***

Transactions denominated in foreign currencies are recorded in Saudi Riyals at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to Saudi Riyals at the rate of exchange ruling at the statement of financial position date.

**NOTES TO THE FINANCIAL STATEMENTS**

For the period from 9 June 2012 to 31 December 2012

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**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

***Provisions***

Provisions are recognised when the Company has an obligation (legal or constructive) arising from past events, and the costs to settle the obligation are both probable and may be measured reliably. Provisions are not recognised for future operating losses.

***Investments***

***Trading investments***

Trading investment represents investment in short term Murabaha fund which is readily marketable, and initially recognised at cost being the fair value and subsequently remeasured at fair value. Fair value is determined by reference to the net asset value (NAV) quoted by the fund manager. The resultant realised and unrealised gains and losses are recognised in the statement of shareholders' operations.

***Available for sale investments***

Investments which are classified as available for sale are measured at fair value. Available for sale investments are those investments that are either designated in this category or not classified in any other category. For an available for sale investments, any gain or loss arising from a change in its fair value is recognized directly in other comprehensive income until the investment is sold, collected or otherwise disposed of or until the investment is determined to be impaired at which time the cumulative gain or loss previously recognised in other comprehensive income should be transferred to and recognised in the statement of shareholders' operations for the period.

***Furniture, fittings and office equipment***

Furniture, fittings and office equipment are measured at cost less accumulated depreciation and any impairment in value. Depreciation is calculated on a straight line basis over the estimated useful lives of the assets. The estimated useful lives of the assets for calculation of depreciation are as follows:

	<u>Years</u>
Leasehold improvements	5
Furniture and office equipment	5
Computer applications	3-5

Residual values, useful lives and the method of the depreciation are reviewed and adjusted if appropriate. Impairment reviews take place when events or changes in circumstances indicate that the carrying value may not be recoverable. The depreciation charge for the period is recognised in the statement of insurance operations.

Expenditure for repair and maintenance is charged to the statement of insurance operations'. Improvements that increase the value or materially extend the life of the related assets are capitalised.

***Employees' end of service benefits***

The Company provides end of service benefits to its employees. The entitlement to these benefits is usually based upon the employee's length of service and the completion of a minimum service period. Provision is made for amounts payable under the Saudi Arabian labour law applicable to employees'

**NOTES TO THE FINANCIAL STATEMENTS**

For the period from 9 June 2012 to 31 December 2012

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**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

***Employees' end of service benefits (continued)***

accumulated periods of service at the statement of financial position date. Charge for the period is transferred to the statement of insurance operations.

***Pre-incorporation expenses***

Expenses incurred by the Company during the formation period, the licensing process and related to the Initial Public Offering with no future benefits are charged to the statement of shareholders' operations.

***Transaction cost***

Transaction costs to raise share capital are incremental costs that are directly attributable to the issue of share capital and are accounted for as a deduction from equity.

***Insurance contracts***

Insurance contracts are defined as those containing significant insurance risk at the inception of the contract, or those where at the inception of the contract there is a scenario with commercial substance where the level of insurance risk may be significant over time. The significance of insurance risk is dependent on both the probability of an insurance event and the magnitude of its potential effect.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduced significantly during this period.

***Liability adequacy test***

At each statement of financial position date, the Company assesses whether its recognised insurance liabilities are adequate using current estimates of future cash flows under its insurance contracts. If that assessment shows that the carrying amount of its insurance liabilities is inadequate in the light of estimated future cash flows, the entire deficiency is immediately recognised in the statement of insurance operations and an unexpired risk provision created.

The Company does not discount its liability for unpaid claims as substantially all claims are expected to be paid within one year of the statement of financial position date.

***Zakat and income tax***

Zakat and income tax are provided for in accordance with Saudi Arabian Fiscal Regulations. Zakat is computed on the zakatable base of Saudi founding and general public shareholder while income tax is computed on the non Saudi founding shareholders share of net adjusted income.

Zakat and income taxes are accrued and charged to the accumulated loss under the statement of shareholders' equity.

***Revenue Recognition***

Gross premiums and commissions are recognised as revenue when the insurance policy is issued. Premiums are taken into income over the terms of the policies to which they relate on a pro-rata basis. The change in the provision for unearned premiums is taken to the statement of insurance operations, over the period of risk.

**NOTES TO THE FINANCIAL STATEMENTS**

For the period from 9 June 2012 to 31 December 2012

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**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

***Revenue Recognition (continued)***

Unearned premiums are those proportions of premiums written in a year that relate to periods of risk after the statement of financial position date. Unearned premiums are calculated on a daily pro-rata basis, except for marine cargo. The proportion attributable to subsequent periods is deferred as a provision for unearned premiums. The unearned portion for marine cargo shall be the premium written during the last three months of the financial period.

Reinsurance premiums written comprise the total premiums payable for the whole cover provided by contracts entered into the period and are recognised from the date on which the policy incepts.

Investment income or loss comprises of unrealised and realised gains and losses on investments. Commission income on Murabaha deposits is recognised using the effective yield method

Insurance policyholders are charged for policy administration services, surrenders and other contract fees. These fees are recognized as revenue over the period in which the related services are performed. If the fees are for services provided in future periods, then they are deferred and recognised over future periods.

***Claims***

Claims, comprising amounts payable to policyholders and third parties and related loss adjustment expenses, net of salvage and other recoveries, are charged to the statement of insurance operations as incurred. Total outstanding claims comprise the estimated amounts payable, in respect of claims reported to the Company and those not reported at the statement of financial position date.

A provision based on management's judgment is maintained for Incurred But Not Reported (IBNR) claims at the statement of financial position date.

***Offsetting***

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position only when there is legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the assets and settle the liabilities simultaneously. Income and expenses are not offset in the statement of insurance operations or in the statement of shareholders' operations unless required or permitted by any accounting standard or interpretation, as specifically disclosed in the accounting policies of the Company.

***Trade date accounting***

All regular way purchases and sales of financial assets are recognized / derecognized on the trade date (i.e. the date that the Company commits to purchase or sell the assets). Regular way purchases or sales are purchases or sales of financial assets that require settlement of assets within the time frame generally established by regulation or convention in the market place.

**ALINMA TOKIO MARINE COMPANY**  
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**NOTES TO THE FINANCIAL STATEMENTS**

For the period from 9 June 2012 to 31 December 2012

**5. CASH AND CASH EQUIVALENTS**

	<u>2012</u> SR '000
<i>Insurance Operations</i>	
Cash at bank - current account	<u>96</u>
<i>Shareholders' Operation</i>	
Cash in hand	38
Cash at banks - current accounts	11
Murabaha deposit	<u>15,000</u>
	<u>15,049</u>

The Murabaha deposit and cash at banks are held with a related party. The Murabaha deposit is denominated in Saudi Arabian Riyals and has an original maturity of not exceeding three months.

**6. PREMIUMS RECEIVABLE**

	<u>2012</u> SR '000
<i>Insurance Operations</i>	
Premiums receivable	240
Less: Provision for doubtful receivable	<u>-</u>
	<u>240</u>

The age analysis of premiums receivables arising from insurance contracts is as follows:

	Neither past due nor <u>impaired</u>	Upto three <u>months</u>	Above three and upto six <u>months</u>	Above six and less than twelve <u>months</u>	Above twelve <u>months</u>	<u>Total</u>
	SR '000	SR '000	SR '000	SR '000	SR '000	SR '000
2012	<u>-</u>	<u>240</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>240</u>

**7. MURABAHA DEPOSIT**

	<u>2012</u> SR '000
<i>Shareholders' Operations</i>	
Murabaha deposits	30,000
Less: Murabaha deposit with maturity less than three months (see note 5)	<u>(15,000)</u>
	<u>15,000</u>

**ALINMA TOKIO MARINE COMPANY**  
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**NOTES TO THE FINANCIAL STATEMENTS**

For the period from 9 June 2012 to 31 December 2012

**8. PREPAYMENTS AND OTHER ASSETS**

	<u><b>2012</b></u> <b>SR'000</b>
<i><b>Insurance Operations</b></i>	
Prepayments	241
Other receivables	26
	<u>267</u>
<i><b>Shareholders' Operations</b></i>	
Accrued income on Murabaha deposits	<u>29</u>

**9. INVESTMENTS**

***Shareholders' Operations***

This represents investment in Najm for Insurance Services Company (available for sale) and in a mutual fund (trading investment).

	<u><b>2012</b></u> <b>SR'000</b>
Available for sale investments	2,423
Trading investment	124,103
	<u>126,526</u>

The movement during the period is as follows:

	<u><b>2012</b></u> <b>SR '000</b>
<i><b>Available for sale</b></i>	
Balance at beginning and at the end of the period	<u>2,423</u>
<i><b>Trading investment</b></i>	
Purchased during the period	124,000
Unrealised gain during the period	103
Balance at end of the period	<u>124,103</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
For the period from 9 June 2012 to 31 December 2012

**10. FURNITURE, FITTINGS AND OFFICE EQUIPMENT**

*Insurance operations*

	<i>Leasehold improvements</i>	<i>Furniture and office equipment</i>	<i>Computer applications</i>	<i>Total</i>
	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>
<b><u>Cost</u></b>				
Additions and balance at end of the period	258	270	4,735	5,263
<b><u>Depreciation</u></b>				
Charge for the period	29	33	488	550
<b><u>Carrying value</u></b>				
<b>31 December 2012</b>	<b>229</b>	<b>237</b>	<b>4,247</b>	<b>4,713</b>

**11. STATUTORY DEPOSIT**

	<b><u>2012</u></b>
	<b><u>SR'000</u></b>
<i>Shareholders' operations</i>	
Statutory deposit	<b>20,000</b>

As required by Saudi Arabian Insurance Regulations of the Saudi Arabian Monetary Agency (SAMA), the Company deposited an amount equivalent to 10% of its paid up share capital, amounting to SR 20 million in a bank designated by SAMA.

**12. OUTSTANDING CLAIMS**

*Insurance operations*

	<b><u>Gross</u></b>	<b><u>2012</u></b> <b><u>SR'000</u></b> <b><u>Reinsurers ' share</u></b>	<b><u>Net</u></b>
Claims reported	-	-	-
IBNR and other reserves	1898	(8)	1,890
	<b>1,898</b>	<b>(8)</b>	<b>1,890</b>
Claims paid during the period	-	-	-
	<b>1,898</b>	<b>(8)</b>	<b>1,890</b>

**ALINMA TOKIO MARINE COMPANY  
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**NOTES TO THE FINANCIAL STATEMENTS**

For the period from 9 June 2012 to 31 December 2012

**13. NET EARNED PREMIUMS**

<i>Insurance operations</i>	<b>Period from 9 June 2012 to 31 December 2012</b>
	<b><i>SR'000</i></b>
Gross written premiums	336
Gross unearned premiums	(319)
Gross earned premiums	17
Reinsurance premiums ceded	(294)
Reinsurance share of unearned premium	281
Insurance premiums ceded to reinsurers	(13)
Net earned premiums	4

**14. ACCRUED EXPENSES AND OTHER LIABILITIES**

<i>Insurance Operations</i>	<b><i>2012</i></b>
	<b><i>SR'000</i></b>
Accrued expenses	1,760
Other liabilities	2,297
	4,057
<i>Shareholders' Operations</i>	
Accrued expenses	1,270

**15. SHARE CAPITAL**

- 15.1 The authorised and issued share capital of the Company is SR 200 million divided into 20 million shares of SR 10 each and subscribed by the following:

	<b>2012</b>	
	<b>% holding</b>	<b><i>SR'000</i></b>
Founding shareholders	70	140,000
General public	30	60,000
	100	200,000

- 15.2 Incremental costs amounting to SR 5,942 thousands directly attributable to the issue of ordinary shares are recognised as deduction from equity.

**16. STATUTORY RESERVE**

As required by Saudi Arabian Insurance Regulations of the Saudi Arabian Monetary Agency (SAMA), twenty percent of the shareholders' income shall be set aside as a statutory reserve until this reserve amounts to one hundred percent of the paid up share capital.

As the Company has incurred a loss during the period, no transfer to statutory reserve has been made.



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**NOTES TO THE FINANCIAL STATEMENTS**

For the period from 9 June 2012 to 31 December 2012

**17. GENERAL AND ADMINISTRATIVE EXPENSES**

	Period from 9 June 2012 to 31 December <u>2012</u> SR'000
<i>Insurance operations</i>	
Employee costs	5,583
Depreciation	550
Legal and professional fees	199
Rent	100
Maintenance	273
Others	18
	<u>6,723</u>
<i>Shareholders' operations</i>	
Employee costs	5,024
Legal and professional fees	554
Director's remuneration (note 20)	595
Board and sub-committee meeting expenses (note 20)	213
Rent	251
Maintenance	390
Others	556
	<u>7,583</u>

**18. PRE-INCORPORATION EXPENSES, NET**

	Period from 9 June 2012 to 31 December <u>2012</u> SR'000
Employee costs	13,052
Depreciation	2,388
Bank guarantee commission	3,695
Legal and professional fees	1,279
Travelling expenses	759
Rent	1,202
Others	2,795
<b>Total expenses</b>	<b>25,170</b>
Less:	
Income earned from investment in short term Murabaha deposit up to the date of Ministerial resolution (9 June 2012)	<u>(475)</u>
<b>Pre-incorporation expenses, net</b>	<b><u>24,695</u></b>

**ALINMA TOKIO MARINE COMPANY  
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**NOTES TO THE FINANCIAL STATEMENTS**

For the period from 9 June 2012 to 31 December 2012

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**18. PRE-INCORPORATION EXPENSES, NET (continued)**

Pre-incorporation expenses represent costs incurred by founding shareholders on behalf of the Company, and subsequently recharged to the Company, for the period from September 2004 up to 9 June 2012 (the date of the issuance of the Ministerial Resolution declaring the incorporation of the Company).

**19. ZAKAT AND INCOME TAX**

**Zakat**

Zakat payable by the Company has been calculated in accordance with Zakat regulations in the Kingdom of Saudi Arabia.

**2012**  
***SR'000***

Zakat for the period

**1,891**

**Income tax**

As the Company has incurred a loss during the period, no income tax is charged to Statement of Shareholder's Comprehensive Income.

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**NOTES TO THE FINANCIAL STATEMENTS**

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**20. TRANSACTIONS WITH RELATED PARTIES**

20.1 In addition to the note 5 and 18, 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>	<b>Amount of transactions during the period 2012</b> <i>SR'000</i>	<b>Closing balance Receivable / (Payable) 2012</b> <i>SR'000</i>
IPO related cost	Alinma Bank	<u>5,942</u>	<u>-</u>
Absorption of deficit of Insurance operations	Shareholders' Operations	<u>8,604</u>	<u>1,878</u>
Pre incorporation cost	Alinma Bank	<u>11,383</u>	<u>-</u>
	Tokio Marine & Nichido Fire Insurance Company Limited	<u>12,183</u>	<u>(11,922)</u>
	Hussein Aoueini & Company Limited	<u>400</u>	<u>(400)</u>
Purchase of Fixed Assets	Alinma Bank	<u>304</u>	<u>-</u>
	Tokio Marine & Nichido Fire Insurance Company Limited	<u>3,068</u>	<u>(3,068)</u>
	Hussein Aoueini & Company Limited	<u>6</u>	<u>(6)</u>
General and Administration expenses	Alinma Bank	<u>5,599</u>	<u>(125)</u>
	Tokio Marine & Nichido Fire Insurance Company Limited	<u>2,783</u>	<u>(2,783)</u>
	Hussein Aoueini & Company Limited	<u>1,283</u>	<u>(1,283)</u>

20.2 Information relating to key management personnel

	<b>Period from 9 June 2012 to 31 December 2012</b> <i>SR '000</i>
Short-term benefits	<u>4,707</u>
Long-term benefits	<u>200</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
For the period from 9 June 2012 to 31 December 2012

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**20. TRANSACTIONS WITH RELATED PARTIES (continued)**

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

20.3 Board and sub-committee related expenses:

	<b>Period from 9 June 2012 to 31 December 2012 SR '000</b>
Board of director's remuneration	<u>595</u>
Board and sub-committees attendance fee	<u>168</u>
Board and sub-committees other expenses	<u>45</u>

- a) Board and sub-committees attendance fees represent allowances for attending board and sub-committee meetings.
- b) Board and sub-committees other expenses include travelling and other incidental costs of members for attending board and sub-committee meetings.

**21. RISK MANAGEMENT**

The risks faced by the Company and the way these risks are mitigated by management are summarised below:

***Liquidity risk***

Liquidity risk is the risk that the Company will not be able to meet its commitments associated with financial liabilities when they fall due. Liquidity requirements are monitored on monthly basis and management ensures that sufficient liquid funds are available to meet any commitments as they arise.

The financial liabilities consist of outstanding claims and certain other liabilities. All financial liabilities, except for employees' end of service benefits which is non-current in nature, are non-commission bearing and expected to be settled within twelve months from the statement of financial position date.

All assets of the Company, except for Murabaha deposit, furniture, fittings and office equipments and statutory deposit, are current in nature.

**NOTES TO THE FINANCIAL STATEMENTS**

For the period from 9 June 2012 to 31 December 2012

**21. RISK MANAGEMENT (continued)**

*Credit risk*

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. For all classes of financial assets held by the Company, the maximum credit risk exposure to the Company is the carrying value as disclosed in the statement of financial position. The Company's credit risk exposure relating to customers and deposits is mainly concentrated in Saudi Arabia.

The Company seeks to limit its credit risk with respect to customers by following the Company credit control policy and monitoring outstanding receivables on an ongoing basis in order to reduce the Company's exposure to bad debts. Management estimates specific impairment provision on a case by case basis. The Company seeks to limit its credit risk with respect to other counterparties by placing deposits with reputable banks. The Company enters into reinsurance contracts with reinsurers having minimum acceptable credit rating by recognized rating agencies that is not lower than BBB (with standards and poors) and AA- (with AM Best).

The table below shows the maximum exposure to credit risk for the components of the statement of financial position.

	<b>31 December 2012</b>		
	<b><u>Insurance</u></b>	<b><u>Shareholders'</u></b>	<b><u>Total</u></b>
	<b><u>operations</u></b>	<b><u>operations</u></b>	
	<b><u>SR'000</u></b>	<b><u>SR'000</u></b>	<b><u>SR'000</u></b>
Cash at banks	96	11	107
Murabaha deposit (less than 3 months)	-	15,000	15,000
Premiums receivable	240	-	240
Reinsurance share of outstanding claims	8	-	8
Murabaha deposit	-	15,000	15,000
	<b><u>344</u></b>	<b><u>30,011</u></b>	<b><u>30,355</u></b>

*Commission rate risk*

Commission rate risk arises from the possibility that changes in commission rates will affect future profitability of the fair values of financial instruments. The Company is exposed to commission rate risk on its bank balances and Murabaha deposits.

The Company places deposits which are realisable within three months and more than three months, with the exception of restricted deposits which are required to be maintained in accordance with regulations in Saudi Arabia on which the Company does not earn any commission. Management limits commission rate risk by monitoring changes in commission rates in the currencies in which its deposits are denominated.

**NOTES TO THE FINANCIAL STATEMENTS**

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**21. RISK MANAGEMENT (continued)**

***Foreign currency risk***

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

Management believes that there is minimal risk of significant losses due to exchange rate fluctuations, as the Company primarily deals in Saudi Arabian Riyals.

***Market price risk***

Market price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

***Insurance risk***

The risk under an insurance contract is the risk that an insured event will occur including the uncertainty of the amount and timing of any resulting claim. The principal risk the Company faces under such contracts is that the actual claims and benefit payments exceed the carrying amount of insurance liabilities. This is influenced by the frequency of claims, severity of claims, actual claims paid are greater than originally estimated and subsequent development of long-term claims.

The variability of risks is improved by diversification of risks of loss to a large portfolio of insurance contracts as a more diversified portfolio is less likely to be affected across the board by change in any subset of the portfolio, as well as unexpected outcomes. The variability of risks is also improved by careful selection and implementation of underwriting strategy and guidelines as well as the use of reinsurance arrangements. Significant portion of reinsurance business ceded is placed on facultative and quota share basis with retention limits varying by product lines. Amounts recoverable from reinsurers are estimated in a manner consistent with the assumptions used for ascertaining the underlying policy benefits and are presented in the statement of financial position as reinsurance assets. Although the Company has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to reinsurance ceded, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance arrangements.

***Re-insurance risk***

In common with other insurance companies, in order to minimize financial exposure arising from large claims, the Company, in the normal course of business, enters into agreements with other parties for reinsurance purposes. Such reinsurance arrangements provide for greater diversification of business, allow management to control exposure to potential losses arising from large risks and provide additional capacity for growth. To minimize its exposure to significant losses from reinsurer insolvencies, the Company evaluates the financial condition of its reinsurers and monitors concentrations of credit risk arising from similar geographic regions, activities or economic characteristics of the reinsurers.

Reinsurers of minimum acceptable credit rating by recognized rating agencies that is not lower than BBB (with Standards and Poors) and AA- (with AM Best) and of reputation have been adopted by the Company.

**NOTES TO THE FINANCIAL STATEMENTS**

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**21. RISK MANAGEMENT (continued)**

***Regulatory framework risk***

The operations of the Company are also subject to regulatory requirements in the Kingdom of Saudi Arabia. Such regulations not only prescribe approval and monitoring of activities, but also impose certain restrictive provisions (e.g. capital adequacy) to minimize the risk of default and insolvency on the part of the insurance companies to meet unforeseen liabilities as they arise.

***Capital management risk***

Capital requirements are set and regulated by the SAMA. These requirements are put in place to ensure sufficient solvency margins. Further objectives are set by the Company to maintain healthy capital ratios in order to support its business objectives and maximise shareholders' value.

The Company manages its capital requirements by assessing the risk of shortfalls between reported and required capital levels on a regular basis. Adjustments to current capital levels are made in light of changes in market conditions and risk characteristics of the Company's activities. In order to maintain or adjust the capital structure, the Company may adjust any possible amount of dividends paid to shareholders or raise new capital through the Saudi stock market.

***Fair value of financial instruments***

Financial instruments consist of financial assets and financial liabilities. Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable willing parties in an arm's length transaction. Underlying the definition of fair value is a presumption that an enterprise is a going concern without any intention or need to liquidate, curtail materially the scale of operations or undertake a transaction on adverse terms. The Company's financial assets consist of cash and cash equivalents, premium receivables, Murabaha deposit, reinsurance share of outstanding claims, investments and accrued income and its financial liabilities consist of reinsurance balance payables, accrued expenses and gross outstanding claims. The fair values of financial assets and liabilities are not materially different from their carrying values at the statement of financial position date.

**22. 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 statement of financial position date. Diluted loss per share is not applicable for the Company for the period ended 31 December 2012.

**23. SEGMENT REPORTING**

Segment information is presented in respect of the Company's business segments which are Fire, Marine and General accident 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 cash equivalents, due from shareholders' operations, prepayments and other assets and furniture, fittings and office equipment.

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**23. SEGMENT REPORTING (continued)**

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

Consistent with the Company's internal reporting process, operating segments have been approved by the management in respect of the Company's activities, assets and liabilities as stated below:

The segment results from 9 June 2012 to 31 December 2012 are as follows:

	<b><u>Fire</u></b> <b><u>SR '000</u></b>	<b><u>Marine</u></b> <b><u>SR '000</u></b>	<b><u>General</u></b> <b><u>accident</u></b> <b><u>SR '000</u></b>	<b><u>Total</u></b> <b><u>SR '000</u></b>
<b>REVENUE</b>				
Gross written premiums	225	59	52	336
Reinsurance premiums ceded	(200)	(50)	(44)	(294)
Net written premiums	25	9	8	42
Net change in unearned premiums	(23)	(8)	(7)	(38)
Net earned premiums	2	1	1	4
Reinsurance commission and other income	3	1	1	5
<b>Total insurance revenue</b>	<b>5</b>	<b>2</b>	<b>2</b>	<b>9</b>
<b>CLAIMS AND EXPENSES</b>				
Net claims incurred	(1,276)	(394)	(220)	(1,890)
General and administrative expenses				(6,723)
<b>Net deficit from insurance operations</b>				<b>(8,604)</b>

The segment statement of financial position as at 31 December 2012 is as follows:

	<b><u>Fire</u></b> <b><u>SR '000</u></b>	<b><u>Marine</u></b> <b><u>SR '000</u></b>	<b><u>General</u></b> <b><u>accident</u></b> <b><u>SR '000</u></b>	<b><u>Total</u></b> <b><u>SR '000</u></b>
Premiums receivable	180	30	30	240
Reinsurance share of outstanding claims	5	2	1	8
Reinsurance share of unearned premiums	192	47	42	281
Other assets				6,954
<b>Total assets</b>				<b>7,483</b>
Outstanding claims	1,282	396	220	1,898
Unearned premiums	214	55	50	319
Unearned commission	50	13	12	75
Other liabilities				5,191
<b>Total liabilities</b>				<b>7,483</b>



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**24. APPROVAL OF THE FINANCIAL STATEMENTS**

These financial statements have been approved by the Board of Directors on Rabi-ul-Thani 14, 1434 H corresponding to February 24, 2013.