

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 30 September 2013 and for the period
from 9 June 2012 (Date of Ministerial Resolution) to 30 September 2013**

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 30 SEPTEMBER 2013 AND FOR THE PERIOD
FROM 9 JUNE 2012 (DATE OF MINISTERIAL RESOLUTION) TO 30 SEPTEMBER 2013

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INDEPENDENT AUDITORS' LIMITED REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL STATEMENTS

THE SHAREHOLDERS

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 30 September 2013, and the related interim statements of insurance operations, shareholders’ operations and comprehensive income for the three-month period ended 30 September 2013 and for the period from 9 June 2012 (Date of Ministerial Resolution) to 30 September 2013, and related interim statements of changes in shareholders’ equity, insurance operations’ cash flows and shareholders’ cash flows for the period from 9 June 2012 (Date of Ministerial Resolution) to 30 September 2013 and notes 1 to 16 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 limited 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.
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 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 the related legal formalities.

KPMG Al Fozan & Al Sadhan




Ebrahim Oboud Baesher
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15 Dhu Al-Hijjah 1434H
20 October 2013

Deloitte & Touche Bakr Abulkhair & Co.



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ALINMA TOKIO MARINE COMPANY
(A SAUDI JOINT STOCK COMPANY)

UNAUDITED INTERIM STATEMENT OF FINANCIAL POSITION
As at 30 September 2013

		<i>30 September 2013 SR'000 (Unaudited)</i>
	<i>Notes</i>	
INSURANCE OPERATIONS' ASSETS		
Cash and bank balances	5	2,759
Premiums and reinsurance receivables, net	6	27,230
Reinsurers' share of outstanding claims	8	7,987
Reinsurers' share of unearned premiums	9	7,521
Deferred policy acquisition costs		954
Due from shareholders' operations		11,989
Prepayments and other assets		3,210
Furniture, fittings and office equipment		4,384
TOTAL INSURANCE OPERATIONS' ASSETS		66,034
 SHAREHOLDERS' ASSETS		
Cash and bank balances	5	56,173
Murabaha deposit		15,000
Investments	7	52,617
Due from a related party	12	87
Prepayments and other assets		367
Statutory deposit		20,000
TOTAL SHAREHOLDERS' ASSETS		144,244
 TOTAL INSURANCE OPERATIONS' AND SHAREHOLDERS' ASSETS		 210,278


Director


Chief Financial Officer


Chief Executive Officer

The accompanying notes 1 to 16 form an integral part of these unaudited interim condensed financial statements.

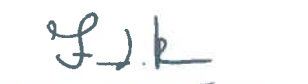
ALINMA TOKIO MARINE COMPANY
(A SAUDI JOINT STOCK COMPANY)

UNAUDITED INTERIM STATEMENT OF FINANCIAL POSITION (continued)
As at 30 September 2013

		30 September 2013 SR'000 (Unaudited)
	Notes	
INSURANCE OPERATIONS' LIABILITIES		
Gross outstanding claims	8	12,386
Reinsurance balances payable		8,942
Gross unearned premiums	9	15,803
Unearned reinsurance commission		1,448
Accrued expenses and other liabilities		26,044
Employees' end-of-service benefits		1,411
TOTAL INSURANCE OPERATIONS' LIABILITIES		66,034
 SHAREHOLDERS' LIABILITIES AND EQUITY		
SHAREHOLDERS' LIABILITIES		
Due to a related party	12	291
Accrued expenses and other liabilities		2,033
Due to insurance operations		11,989
Zakat and income tax payable	10	2,233
Total shareholders' liabilities		16,546
 SHAREHOLDERS' EQUITY		
Share capital		200,000
Accumulated losses		(72,302)
Total shareholders' equity		127,698
 TOTAL SHAREHOLDERS' LIABILITIES AND EQUITY		144,244
 TOTAL INSURANCE OPERATIONS LIABILITIES AND SHAREHOLDERS' LAIBILITIES AND EQUITY		210,278



Director



Chief Financial Officer



Chief Executive Officer

The accompanying notes 1 to 16 form an integral part of these unaudited interim condensed financial statements.

ALINMA TOKIO MARINE COMPANY
(A SAUDI JOINT STOCK COMPANY)

UNAUDITED INTERIM STATEMENT OF INSURANCE OPERATIONS

For the three-month period ended 30 September 2013 and for the period from 9 June 2012 (Date of Ministerial Resolution) to 30 September 2013

		<i>Three-month period ended 30 September 2013</i>	<i>For the period from 9 June 2012 to 30 September 2013</i>
	<i>Notes</i>	<i>SR '000</i>	<i>SR '000</i>
REVENUES			
Gross written premiums		13,622	33,367
Reinsurance premiums ceded		(4,397)	(18,369)
Net written premiums		<u>9,225</u>	<u>14,998</u>
Changes in gross unearned premiums		(3,715)	(15,803)
Changes in reinsurance share of unearned premiums		(1,508)	7,521
Net change in unearned premiums		<u>(5,223)</u>	<u>(8,282)</u>
Net earned premiums	9	4,002	6,716
Reinsurance commission earned and other income		798	1,514
Total insurance revenues		<u>4,800</u>	<u>8,230</u>
CLAIMS AND EXPENSES			
Gross claims paid	8	(51,137)	(51,240)
Reinsurers' share of claims paid	8	<u>47,701</u>	<u>47,783</u>
Net claims paid		<u>(3,436)</u>	<u>(3,457)</u>
Changes in gross outstanding claims		(5,383)	(12,386)
Changes in reinsurers' share of outstanding claims		3,459	7,987
Net outstanding claims	8	<u>(1,924)</u>	<u>(4,399)</u>
Net claims incurred		<u>(5,360)</u>	<u>(7,856)</u>
Policy acquisition costs		(216)	(272)
Inspection and supervision fees		(67)	(157)
Excess of loss premiums		(1,527)	(3,336)
General and administrative expenses	11	<u>(7,738)</u>	<u>(28,742)</u>
Total claims and expenses		<u>(14,908)</u>	<u>(40,363)</u>
Net deficit for the period from insurance operations		<u>(10,108)</u>	<u>(32,133)</u>
Appropriation of net deficit transferred to the shareholders' operations		<u>10,108</u>	<u>32,133</u>
Net result for the period from insurance operations		<u>--</u>	<u>--</u>

Director

Chief Financial Officer

Chief Executive Officer

The accompanying notes 1 to 16 form an integral part of these unaudited interim condensed financial statements.

ALINMA TOKIO MARINE COMPANY
(A SAUDI JOINT STOCK COMPANY)

UNAUDITED INTERIM STATEMENT OF SHAREHOLDERS' OPERATIONS

For the three-month period ended 30 September 2013 and for the period from 9 June 2012 (Date of Ministerial Resolution) to 30 September 2013

		<i>Three-month period ended 30 September 2013</i>	<i>For the period from 9 June 2012 to 30 September 2013</i>
	<i>Notes</i>	<i>SR '000</i>	<i>SR '000</i>
INCOME			
Investment and other income		<u>778</u>	<u>2,161</u>
EXPENSES			
Net deficit transferred from Insurance Operations		(10,108)	(32,133)
General and administrative expenses	11	(755)	(9,460)
Pre-incorporation cost		—	(24,695)
Total expenses		<u>(10,863)</u>	<u>(66,288)</u>
Net loss for the period from shareholders' operations		<u>(10,085)</u>	<u>(64,127)</u>
Loss per share (SR)	13	<u>(0.504)</u>	<u>(3.206)</u>

Director

Chief Financial Officer

Chief Executive Officer

The accompanying notes 1 to 16 form an integral part of these unaudited interim condensed financial statements.

ALINMA TOKIO MARINE COMPANY
(A SAUDI JOINT STOCK COMPANY)

UNAUDITED INTERIM STATEMENT OF SHAREHOLDERS' COMPREHENSIVE INCOME
For the three-month period ended 30 September 2013 and for the period from 9 June 2012 (Date of Ministerial Resolution) to 30 September 2013

		<i>For the period from 9 June 2012 to 30 September 2013</i>	<i>Three-month period ended 30 September 2013</i>
	<i>Note</i>	<i>SR '000</i>	<i>SR '000</i>
Net loss for the period from shareholders' operations		(10,085)	(64,127)
Other comprehensive expense			
Zakat for the period	10	(342)	(2,233)
Total comprehensive loss for the period from shareholders' operations		(10,427)	(66,360)


Director


Chief Financial Officer


Chief Executive Officer

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ALINMA TOKIO MARINE COMPANY
(A SAUDI JOINT STOCK COMPANY)

UNAUDITED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
For the period from 9 June 2012 (Date of Ministerial Resolution) to 30 September 2013

	Share capital SR '000	Accumulated losses SR '000	Total SR '000
Issue of share capital	200,000	--	200,000
Transaction cost relating to issue of share capital	--	(5,942)	(5,942)
Net loss for the period from 9 June 2012 to 30 September 2013	--	(64,127)	(64,127)
Zakat for the period (Note 10)		(2,233)	(2,233)
Balance as at 30 September 2013	200,000	(72,302)	127,698


Director


Chief Financial Officer


Chief Executive Officer

The accompanying notes 1 to 16 form an integral part of these unaudited interim condensed financial statements.

ALINMA TOKIO MARINE COMPANY
(A SAUDI JOINT STOCK COMPANY)

UNAUDITED INTERIM STATEMENT OF INSURANCE OPERATIONS CASHFLOWS
For the period from 9 June 2012 (Date of Ministerial Resolution) to 30 September 2013

		<i>For the period from 9 June 2012 to 30 September 2013</i>
	<i>Notes</i>	<i>SR '000</i>
OPERATING ACTIVITIES		
Net result for the period from insurance operations		--
Adjustments for:		
Allowance for doubtful receivables	11	609
Loss on disposal of furniture, fitting and office equipment		2
Depreciation	11	1,726
Employees' end of service benefits, net		1,411
Income before changes in operating assets and liabilities		3,748
Changes in operating assets and liabilities:		
Reinsurers' share of unearned premiums		(7,521)
Gross unearned premiums		15,803
Premiums and reinsurance receivables		(27,839)
Reinsurers' share of outstanding claims		(7,987)
Deferred policy acquisition cost		(954)
Prepayments and other assets		(3,210)
Gross outstanding claims		12,386
Due from shareholders' operations		(11,989)
Reinsurance balances payable		8,942
Unearned reinsurance commission		1,448
Accrued expenses and other liabilities		26,044
Net cash from operating activities		8,871
INVESTING ACTIVITIES		
Purchase of furniture, fittings and office equipment		(6,113)
Proceeds from disposal of furniture, fittings and office equipment		1
Net cash used in investing activities		(6,112)

Cash and bank balances at the end of the period

5 2,759

Director

Chief Executive Officer

Chief Financial Officer

The accompanying notes 1 to 16 form an integral part of these unaudited interim condensed financial statements.

ALINMA TOKIO MARINE COMPANY
(A SAUDI JOINT STOCK COMPANY)

UNAUDITED INTERIM STATEMENT OF SHAREHOLDERS' CASH FLOWS
For the period from 9 June 2012 (Date of Ministerial Resolution) to 30 September 2013

	<i>Note</i>	<i>For the period from 9 June 2012 to 30 September 2013</i>
		<i>SR '000</i>
OPERATING ACTIVITIES		
Net loss for the period		(64,127)
Adjustment for:		
Realized gain on trading investments		(644)
Unrealized gain on trading investments		(128)
Loss before changes in operating assets and liabilities		(64,899)
Changes in operating assets and liabilities:		
Prepayments and other assets		(367)
Due from a related party		(87)
Statutory deposit		(20,000)
Due to related parties		291
Due from insurance operations		11,989
Accrued expenses and other liabilities		2,033
Net cash used in operating activities		(71,040)
INVESTING ACTIVITIES		
Purchase of investments		(251,410)
Murabaha deposits		(15,000)
Proceeds from sale of investments		199,565
Net cash used in investing activities		(66,845)
FINANCING ACTIVITIES		
Issue of share capital		200,000
Transaction costs on issue of share capital		(5,942)
Net cash from financing activities		194,058

Cash and bank balances at the end of the period

5 56,173


Director


Chief Executive Officer



Chief Financial Officer

The accompanying notes 1 to 16 form an integral part of these unaudited interim condensed financial statements.

ALINMA TOKIO MARINE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS

For the three-month period ended 30 June 2013 and for the period from 9 June 2012 (Date of Ministerial Resolution) to 30 September 2013

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 unaudited interim condensed financial statements cover the period from 9 June 2012 (Date of Ministerial Resolution) to 30 September 2013.

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 Aoueini 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 above mentioned 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 the related legal formalities.

ALINMA TOKIO MARINE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
(continued)

For the three-month period ended 30 June 2013 and for the period from 9 June 2012 (Date of Ministerial Resolution) to 30 September 2013

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.

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 the 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 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 any surplus arising from the Insurance Operations is distributed as follows:

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

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.

ALINMA TOKIO MARINE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
(continued)

For the three-month period ended 30 June 2013 and for the period from 9 June 2012 (Date of Ministerial Resolution) to 30 September 2013

3. BASIS OF PREPARATION (continued)

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.

NEW IFRS, IFRIC AND AMENDMENTS, ADOPTED BY THE COMPANY

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	Amendment to IFRS 1 – Government loans
IFRS 7	Amendment to IFRS 7 Disclosure – Offsetting Financial Assets and Financial Liabilities
IFRS 10	Consolidated Financial Statements
IFRS 11	Joint Arrangements: Investments in Associates & Joint ventures
IFRS 12	Disclosures of Interests in Other Entities
IFRS 13	Fair value Measurement
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine.
IAS 1	Presentation of Financial Statements
IAS 16	Property, Plant and Equipments – Classification of Servicing Equipment
IAS 19	Revision to IAS 19 Employee Benefits
IAS 27	Separate Financial Statements
IAS 28	Investment in Associates and Joint Ventures
IAS 32	Financial Instruments – Tax Effect of Distribution to Holders of Equity Instruments
IAS 34	Interim Financial Reporting

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's interim condensed 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.

ALINMA TOKIO MARINE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
(continued)

For the three-month period ended 30 June 2013 and for the period from 9 June 2012 (Date of Ministerial Resolution) to 30 September 2013

3. BASIS OF PREPARATION (continued)

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 9	Financial Instruments – Classification & Measurement	1 January 2015
IAS 32	Amendments to IAS 32 - Offsetting Financial Assets and Financial Liabilities	1 January 2014
IAS 36	Amendment to IAS 36 – Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in preparing these interim condensed 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 recognised 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.

ALINMA TOKIO MARINE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
(continued)

For the three-month period ended 30 June 2013 and for the period from 9 June 2012 (Date of Ministerial Resolution) to 30 September 2013

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 re-measured 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 recognised 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.

ALINMA TOKIO MARINE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
(continued)

For the three-month period ended 30 June 2013 and for the period from 9 June 2012 (Date of Ministerial Resolution) to 30 September 2013

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

For an unquoted equity investment, fair value is determined by reference to the market value of a similar investment or is based on the expected discounted cash flows. In case the market value cannot be determined, it is carried at cost.

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 capitalized.

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' 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 costs

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.

ALINMA TOKIO MARINE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
(continued)

For the three-month period ended 30 June 2013 and for the period from 9 June 2012 (Date of Ministerial Resolution) to 30 September 2013

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 recognized from the date on which the policy incepts.

Investment income or loss comprises of unrealized and realized gains and losses on investments. Commission income on Murabaha deposits is recognized using the effective yield method.

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 recognized 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 recognised 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 recognised / de-recognised 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.

Deferred acquisition costs

Commission paid to internal sales staff and incremental direct costs incurred in relation to the acquisition and renewal of insurance contracts are capitalised as an intangible asset. The deferred policy acquisition costs are subsequently amortised over the terms of the insurance contracts to which they relate as premiums are earned.

5. CASH AND BANK BALANCES

	<i>30 September 2013 (Unaudited) SR '000</i>
<i>Insurance Operations</i>	
Cash in hand	42
Cash at banks – current accounts	2,717
	<u>2,759</u>
<i>Shareholders' Operations</i>	
Cash at banks - current accounts	<u>56,173</u>

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6. PREMIUMS AND REINSURANCE RECEIVABLES, NET

	<i>30 September 2013 (Unaudited) SR '000</i>
Premiums receivable – other customers	8,491
Premiums receivable – Related Party (note 12)	2,680
Reinsurance receivables	16,668
	<u>27,839</u>
Less: Provision for doubtful receivables	(609)
	<u>27,230</u>

7. INVESTMENTS

Shareholders' Operations

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

	<i>30 September 2013 (Unaudited) SR'000</i>
Investments	
Available for sale investment	2,423
Trading investments	50,194
	<u>52,617</u>

The movement during the period is as follows:

	<i>For the period from 9 June 2012 to 30 September 2012 (Unaudited) SR'000</i>
<i>Available for sale</i>	
Najm Insurance Company	<u>2,423</u>
<i>Trading investments</i>	
Purchased during the period	248,987
Sale during the period	(199,565)
Realised gain during the period, net	644
Unrealised gain during the period, net	128
Balance at the end of the period	<u>50,194</u>

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8. CLAIMS

	<i>30 September 2013</i> <i>(Unaudited)</i>		
	Gross	Reinsurance share	Net
	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>
Claims reported	4,686	(4,261)	425
IBNR and other reserves	7,700	(3,726)	3,974
	12,386	(7,987)	4,399
Claims paid during the period from 9 June 2012 to 30 September 2013	51,240	(47,783)	3,457
Net claims incurred during the period from 9 June 2012 to 30 September 2013	63,626	(55,770)	7,856

9. NET EARNED PREMIUMS

	<i>Three- month period ended 30 September 2013</i> <i>(Unaudited)</i> <i>SR'000</i>	<i>For the period from 9 June 2012 to 30 September 2013</i> <i>(Unaudited)</i> <i>SR'000</i>
Gross written premiums	13,622	33,367
Gross unearned premiums at the beginning of the period	12,088	--
	25,710	33,367
Gross unearned premiums at the end of the period	(15,803)	(15,803)
Gross earned premiums	9,907	17,564
Reinsurance premiums ceded	(4,397)	(18,369)
Reinsurers' share of unearned premiums at the beginning of the period	(9,029)	--
	(13,426)	(18,369)
Reinsurers' share of unearned premiums at the end of the period	7,521	7,521
Insurance premiums ceded to reinsurers	(5,905)	(10,848)
Net earned premiums	4,002	6,716

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10. 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 during the period ended 30 September 2013 is as follows:

	<i>30 September 2013 (Unaudited) SR'000</i>
Provided during the period	<u>2,233</u>
Balance at end of the period	<u>2,233</u>

Income tax

The Company has incurred net loss during the period and therefore no income tax is due or charged to the Statement of Shareholder's Comprehensive Income.

11. GENERAL AND ADMINISTRATIVE EXPENSES

	<i>Three - month period ended 30 September 2013 (Unaudited) SR'000</i>	<i>For the period from 9 June 2012 to 30 September 2013 (Unaudited) SR'000</i>
<i>Insurance operations</i>		
Employee costs	6,208	22,706
Depreciation	416	1,726
Maintenance	321	1,190
Allowance for doubtful receivables (Note 6)	--	609
Rent	167	577
Legal and professional fees	109	109
Others	517	1,825
	<u>7,738</u>	<u>28,742</u>
<i>Shareholders' operations</i>		
Employee costs	--	5,024
Legal and professional fees	400	1,480
Directors' remuneration (note 12)	255	1,360
Maintenance	--	390
Board and sub-committee attendance fee (note 12)	--	299
Rent	--	251
Others	100	656
	<u>755</u>	<u>9,460</u>

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12. RELATED PARTY TRANSACTIONS AND BALANCES

12.1 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>	Three-month period ended 30 September 2013 (Unaudited)	For the period from 9 June 2012 to 30 September 2013 (Unaudited)	Balance receivable / (payable) as at 30 September 2013 (Unaudited)
		<u>Amount of transactions</u>		
		<u>SR'000</u>	<u>SR'000</u>	<u>SR'000</u>
IPO related cost	Alinma Bank	<u>--</u>	<u>5,942</u>	<u>--</u>
Pre-incorporation cost	Alinma Bank	<u>--</u>	<u>11,383</u>	<u>--</u>
	Tokio Marine & Nichido Fire Insurance Company Limited	<u>--</u>	<u>12,183</u>	<u>--</u>
	Hussein Aoueini & Company Limited	<u>--</u>	<u>400</u>	<u>--</u>
Insurance premiums	Alinma Bank	<u>4,305</u>	<u>8,743</u>	<u>2,680</u>
Claims paid	Alinma Bank	<u>338</u>	<u>423</u>	<u>--</u>
Purchase of fixed assets	Alinma Bank	<u>--</u>	<u>304</u>	<u>--</u>
	Tokio Marine & Nichido Fire Insurance Company Limited	<u>--</u>	<u>3,068</u>	<u>--</u>
	Hussein Aoueini & Company Limited	<u>--</u>	<u>6</u>	<u>--</u>
General and administration expenses	Alinma Bank	<u>116</u>	<u>6,058</u>	<u>(291)</u>
	Tokio Marine & Nichido Fire Insurance Company Limited	<u>--</u>	<u>2,783</u>	<u>--</u>
	Hussein Aoueini & Company Limited	<u>36</u>	<u>5,314</u>	<u>87</u>

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12. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

12.2 Information relating to key management personnel

	<i>Three-month period ended September 2013 (Unaudited) SR '000</i>	<i>For the period from 9 June 2012 to 30 September 2013 (Unaudited) SR '000</i>
Short-term benefits	<u>1,407</u>	<u>8,414</u>
Long-term benefits	<u>59</u>	<u>364</u>

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

12.3 Board and sub-committee related expenses:

	<i>Three-month period ended September 2013 (Unaudited) SR '000</i>	<i>For the period from 9 June 2012 to 30 September 2013 (Unaudited) SR '000</i>
Board of director's remuneration	<u>255</u>	<u>1,360</u>
Board and sub-committees attendance fee	<u>--</u>	<u>299</u>

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

13. 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 (20 million shares). Diluted loss per share is not applicable for the Company for the period ended 30 September 2013.

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14. FAIR VALUE OF FINANCIAL INSTRUMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company 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 proxy):

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 30 September 2013, all financial instruments which are fair valued are Level 2 instruments, except available for sale investment which is fair valued is Level 3.

15. 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.

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 as stated below:

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15. SEGMENT REPORTING (continued)

The segment results for the three-month period ended 30 September 2013 are as follows:

	<u>Fire</u> <u>SR '000</u>	<u>Marine</u> <u>SR '000</u>	<u>General</u> <u>accident</u> <u>SR '000</u>	<u>Engineering</u> <u>SR '000</u>	<u>Motor</u> <u>SR '000</u>	<u>Group</u> <u>credit</u> <u>SR '000</u>	<u>Total</u> <u>SR '000</u>
REVENUE							
Gross written premiums	594	1,631	669	103	7,080	3,545	13,622
Reinsurance premiums ceded	(536)	(1,413)	(528)	(90)	--	(1,830)	(4,397)
Net written premiums	58	218	141	13	7,080	1,715	9,225
Net change in unearned premiums	828	(61)	(18)	3	(5,975)	--	(5,223)
Net earned premiums	886	157	123	16	1,105	1,715	4,002
Reinsurance commission earned and other income	461	148	174	14	1	--	798
Total insurance revenue	1,347	305	297	30	1,106	1,715	4,800
CLAIMS AND EXPENSES							
Net claims incurred	(797)	(3,337)	(117)	(3)	(970)	(136)	(5,360)
Policy acquisition costs	(35)	(11)	(11)	(5)	(154)	--	(216)
Inspection and supervision fees	(1)	(9)	(2)	(1)	(36)	(18)	(67)
Excess of loss premium	(1,187)	(70)	(85)	(8)	(177)	--	(1,527)
General and administrative expenses							(7,738)
Net deficit from insurance operations							(10,108)

The segment results for the period from 9 June 2012 to 30 September 2013 are as follows:

	<u>Fire</u> <u>SR '000</u>	<u>Marine</u> <u>SR '000</u>	<u>General</u> <u>accident</u> <u>SR '000</u>	<u>Engineering</u> <u>SR '000</u>	<u>Motor</u> <u>SR '000</u>	<u>Group</u> <u>credit</u> <u>SR '000</u>	<u>Total</u> <u>SR '000</u>
REVENUE							
Gross written premiums	11,927	3,793	3,293	350	7,101	6,903	33,367
Reinsurance premiums ceded	(8,379)	(3,330)	(2,806)	(289)	--	(3,565)	(18,369)
Net written premiums	3,548	463	487	61	7,101	3,338	14,998
Net change in unearned premiums	(1,774)	(210)	(270)	(33)	(5,995)	--	(8,282)
Net earned premiums	1,774	253	217	28	1,106	3,338	6,716
Reinsurance commission earned and other income	911	211	360	31	1	--	1,514
Total insurance revenue	2,685	464	577	59	1,107	3,338	8,230
CLAIMS AND EXPENSES							
Net claims incurred	(2,534)	(3,822)	(354)	(8)	(971)	(167)	(7,856)
Policy acquisition costs	(69)	(14)	(24)	(11)	(154)	--	(272)
Inspection and supervision fees	(54)	(18)	(13)	(1)	(36)	(35)	(157)
Excess of loss premium	(2,701)	(261)	(169)	(28)	(177)	--	(3,336)
General and administrative expenses							(28,742)
Net deficit from insurance operations							(32,133)

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15. SEGMENT REPORTING (continued)

The segment statement of financial position as at 30 September 2013 is as follows:

	<u>Fire</u> <u>SR '000</u>	<u>Marine</u> <u>SR '000</u>	<u>General</u> <u>accident</u> <u>SR '000</u>	<u>Engineering</u> <u>SR '000</u>	<u>Motor</u> <u>SR '000</u>	<u>Group</u> <u>credit</u> <u>SR '000</u>	<u>Total</u> <u>SR '000</u>
Reinsurers' share of unearned premiums	4,151	1,721	1,490	159	--	--	7,521
Reinsurers' share of outstanding claims	5,322	1,396	873	38	--	358	7,987
Deferred policy acquisition cost	74	32	19	19	810	--	954
Unallocated assets							49,572
Total assets							66,034
Unearned premiums	5,924	1,932	1,760	192	5,995	--	15,803
Gross outstanding claims	7,833	1,897	1,302	46	860	448	12,386
Unearned insurance commission	886	180	343	39	--	--	1,448
Unallocated liabilities							36,397
Total liabilities							66,034

16. APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

These interim condensed financial statements have been approved by the Board of Directors on Dhu Al Hijjah 15, 1434 H corresponding to October 20, 2013.