

**ALINMA TOKIO MARINE COMPANY**  
**(A Saudi Joint Stock Company)**

**INTERIM CONDENSED FINANCIAL STATEMENTS AND**  
**INDEPENDENT AUDITORS' REVIEW REPORT**

**FOR THE THREE MONTH AND SIX MONTH PERIODS ENDED 30 JUNE 2017**

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

**FOR THE THREE MONTH AND SIX MONTH PERIODS ENDED 30 JUNE 2017**

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**INDEPENDENT AUDITORS' REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF ALINMA TOKIO MARINE COMPANY (A SAUDI JOINT STOCK COMPANY)**

**INTRODUCTION**

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 June 2017 and the related interim statement of income - insurance operations, interim statement of income - shareholders' operations, interim statement of shareholders' comprehensive income for the three and six month periods then ended and the related interim statement of changes in shareholders' equity, and interim statements of insurance operations' and shareholders' operations cash flows for the six month period then ended, and the related notes which form an integral part of these interim condensed financial information. Management is responsible for the preparation and presentation of this interim condensed financial information in accordance with International Accounting Standard 34 - "Interim Financial Reporting" (IAS 34) and Saudi Arabian Monetary Authority ("SAMA") guidance on accounting for zakat and income tax. Our responsibility is to express a conclusion on this interim financial information based on our review.


**SCOPE OF REVIEW**

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", as endorsed in the Kingdom of Saudi Arabia. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, as endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**CONCLUSION**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial information is not prepared, in all material respects, in accordance with IAS 34 and SAMA's guidance on accounting for zakat and income tax.

**Aldar Audit Bureau**  
**Abdullah Al Basri & Co**  
P. O. Box 2195 Riyadh 11451  
Kingdom of Saudi Arabia

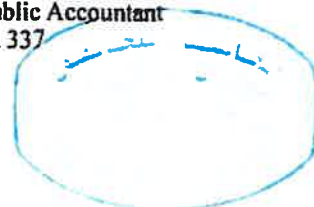
  
**Abdullah M. Al Basri**  
Certified Public Accountant  
Registration No. 171



**PKF Al Bassam & Al Nemer**  
**Allied Accountants**  
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**Ibrahim A. Albassam**  
Certified Public Accountant  
License No. 337

August 1, 2017(G)  
Dhual-Qa'dah 9, 1438 (H)




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

**INTERIM STATEMENT OF FINANCIAL POSITION**

As at 30 June 2017

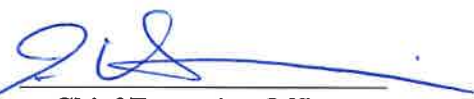
	<i>Notes</i>	<i>30 June 2017 (Unaudited) SR'000</i>	<i>31 December 2016 (Audited) SR'000</i>
<b>INSURANCE OPERATIONS' ASSETS</b>			
Cash and cash equivalents	3	4,233	4,308
Premiums and reinsurance receivables, net	5	203,714	193,920
Reinsurers' share of unearned premiums		65,839	40,429
Reinsurers' share of outstanding claims	7	82,124	137,378
Deferred policy acquisition costs		11,424	5,438
Prepayments and other assets		11,206	4,928
Investments	6	38,055	-
Property and equipment		6,297	6,590
Unit linked investments		5,254	3,471
<b>Total insurance operations' assets</b>		<b>428,146</b>	<b>396,462</b>
<b>SHAREHOLDERS' ASSETS</b>			
Cash and cash equivalents	3	62,285	136,002
Murabaha deposit	4	91,705	-
Investments	6	69,113	99,750
Statutory deposit		45,000	45,000
Prepayments and other assets		568	1,590
Due from a related party	10	245	-
Due from insurance operations		19,723	17,331
<b>Total shareholders' assets</b>		<b>288,639</b>	<b>299,673</b>
<b>TOTAL ASSETS</b>		<b>716,785</b>	<b>696,135</b>

  
**Fahad AlSemari**

Director



Chief Financial Officer



Chief Executive Officer

The accompanying notes 1 to 15 form an integral part of these interim condensed financial statements.

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

**INTERIM STATEMENT OF FINANCIAL POSITION**

As at 30 June 2017

	<i>Notes</i>	<i>30 June 2017 (Unaudited) SR'000</i>	<i>31 December 2016 (Audited) SR'000</i>
<b>INSURANCE OPERATIONS' LIABILITIES</b>			
Gross outstanding claims	7	126,211	183,459
Reinsurance balances payable		105,662	82,618
Gross unearned premiums		134,458	75,403
Unearned reinsurance commission		10,438	7,003
Accrued expenses and other liabilities		22,532	24,394
Employees' end of service benefits		3,868	2,783
Unit linked liabilities		5,254	3,471
Due to shareholders' operations		19,723	17,331
<b>Total insurance operations' liabilities</b>		<b>428,146</b>	<b>396,462</b>
<b>SHAREHOLDERS' LIABILITIES AND EQUITY</b>			
<b>SHAREHOLDERS' LIABILITIES</b>			
Accrued expenses and other liabilities		3,349	3,819
Zakat and income tax payable	8	1,867	4,200
<b>Total shareholders' liabilities</b>		<b>5,216</b>	<b>8,019</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	9	300,000	450,000
Accumulated losses		(16,577)	(158,346)
<b>Total shareholders' equity</b>		<b>283,423</b>	<b>291,654</b>
<b>TOTAL SHAREHOLDERS' LIABILITIES AND EQUITY</b>		<b>288,639</b>	<b>299,673</b>
<b>TOTAL INSURANCE OPERATIONS' LIABILITIES, SHAREHOLDERS' LIABILITIES AND EQUITY</b>		<b>716,785</b>	<b>696,135</b>

*F. Al. S.*

*Fahad Alsemari*

Director

*for [Signature]*

Chief Financial Officer

*[Signature]*

Chief Executive Officer

The accompanying notes 1 to 15 form an integral part of these interim condensed financial statements.

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


**INTERIM STATEMENT OF INCOME - INSURANCE OPERATIONS**

For the three month and six month periods ended 30 June 2017

	<i>Three months period ended 30 June 2017</i>	<i>Three months period ended 30 June 2016</i>	<i>Six months period ended 30 June 2017</i>	<i>Six months period ended 30 June 2016</i>
<i>Notes</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>
<b>REVENUES</b>				
Gross written premiums	102,890	69,166	206,658	233,051
Reinsurance premiums ceded	(76,232)	(36,065)	(106,941)	(134,536)
Excess of loss expenses	(1,459)	(784)	(2,918)	(1,567)
<b>Net written premiums</b>	<b>25,199</b>	<b>32,317</b>	<b>96,799</b>	<b>96,948</b>
Changes in gross unearned premiums	(30,519)	9,382	(59,055)	(86,055)
Changes in reinsurance share of unearned premiums	37,227	(13,652)	25,410	40,939
Net change in unearned premiums	6,708	(4,270)	(33,645)	(45,116)
<b>Net earned premiums</b>	<b>31,907</b>	<b>28,047</b>	<b>63,154</b>	<b>51,832</b>
Reinsurance commission earned and other income	5,968	5,472	13,099	11,390
<b>Total insurance revenues</b>	<b>37,875</b>	<b>33,519</b>	<b>76,253</b>	<b>63,222</b>
<b>CLAIMS AND EXPENSES</b>				
Gross claims paid	7 (30,206)	(32,745)	(119,992)	(75,511)
Reinsurers' share of gross claims paid	7 12,123	19,900	79,732	50,810
<b>Net claims paid</b>	<b>7 (18,083)</b>	<b>(12,845)</b>	<b>(40,260)</b>	<b>(24,701)</b>
Changes in gross outstanding claims	1,277	(93,054)	57,248	(97,726)
Changes in reinsurers' share of outstanding claims	(3,291)	82,609	(55,254)	80,324
<b>Net outstanding claims</b>	<b>(2,014)</b>	<b>(10,445)</b>	<b>1,994</b>	<b>(17,402)</b>
<b>Net claims incurred</b>	<b>(20,097)</b>	<b>(23,290)</b>	<b>(38,266)</b>	<b>(42,103)</b>
Change in unit linked reserves	(1,127)	33	(1,701)	(108)
Surrenders	-	(28)	(52)	(29)
Policy acquisition costs	(5,649)	(5,134)	(11,127)	(8,827)
Inspection and supervision fees	(988)	(360)	(1,495)	(840)
Other underwriting income	-	-	955	601
<b>Net underwriting expenses</b>	<b>(27,861)</b>	<b>(28,779)</b>	<b>(51,686)</b>	<b>(51,306)</b>
Investment income	55	(26)	70	(24)
General and administrative expenses	(17,905)	(16,934)	(30,475)	(30,609)
<b>Total claims and expenses, net</b>	<b>(45,711)</b>	<b>(45,739)</b>	<b>(82,091)</b>	<b>(81,939)</b>
<b>Net deficit for the period from insurance operations</b>	<b>(7,836)</b>	<b>(12,220)</b>	<b>(5,838)</b>	<b>(18,717)</b>
Appropriation to shareholders' operations	7,836	12,220	5,838	18,717
<b>Net deficit for the period after appropriations to shareholders' operations</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

  
Fahad Alsemari

Director



Chief Financial Officer

  
Chief Executive Officer

The accompanying notes 1 to 15 form an integral part of these interim condensed financial statements.

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

**INTERIM STATEMENT OF INCOME - SHAREHOLDERS' OPERATIONS**

For the three month and six month periods ended 30 June 2017

		<i>Three months period ended 30 June 2017</i>	<i>Three months period ended 30 June 2016</i>	<i>Six months period ended 30 June 2017</i>	<i>Six months period ended 30 June 2016</i>
	<i>Notes</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
		<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>
Net deficit transferred from insurance operations		(7,836)	(12,220)	(5,838)	(18,717)
Investment income		1,072	1,928	1,748	1,982
		<u>(6,764)</u>	<u>(10,292)</u>	<u>(4,090)</u>	<u>(16,735)</u>
General and administrative expenses		(715)	(538)	(1,736)	(1,523)
Net loss for the period		<u>(7,479)</u>	<u>(10,830)</u>	<u>(5,826)</u>	<u>(18,258)</u>
Loss per share for the period (SR) (Restated)	11	<u>(0.249)</u>	<u>(0.361)</u>	<u>(0.194)</u>	<u>(0.609)</u>
Number of outstanding shares	9	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>

*F. Al-Semari*  
Fahad AlSemari

Director

*[Signature]*

Chief Financial Officer

*[Signature]*

Chief Executive Officer

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

**INTERIM STATEMENT OF SHAREHOLDERS' COMPREHENSIVE INCOME**

For the three month and six month periods ended 30 June 2017

	<i>Three months period ended 30 June 2017</i>	<i>Three months period ended 30 June 2016</i>	<i>Six months period ended 30 June 2017</i>	<i>Six months period ended 30 June 2016</i>
<i>Notes</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>
Net loss for the period	(7,479)	(10,830)	(5,826)	(18,258)
Other comprehensive income	-	-	-	-
<b>Total comprehensive loss for the period</b>	<b>(7,479)</b>	<b>(10,830)</b>	<b>(5,826)</b>	<b>(18,258)</b>

  
Fehed Al-Semari  
Director

  
Chief Financial Officer

  
Chief Executive Officer

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

**INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

For six months period ended 30 June 2017

	<i>Notes</i>	<b>Share capital</b>	<b>Accumulated losses</b>	<b>Total</b>
		<u>SR'000</u>	<u>SR'000</u>	<u>SR'000</u>
<b>2017</b>				
Balance as at 1 January 2017 (Audited)	9	450,000	(158,346)	291,654
Reduction in share capital / accumulated losses		(150,000)	150,000	-
Transaction cost relating to reduction in share capital	9	-	(403)	(403)
Total comprehensive loss for the period		-	(5,826)	(5,826)
Provision for zakat for the period	8	-	(2,002)	(2,002)
<b>Balance as at 30 June 2017 (Unaudited)</b>		<b><u>300,000</u></b>	<b><u>(16,577)</u></b>	<b><u>283,423</u></b>
<b>2016</b>				
Balance as at 1 January 2016 (Audited)	9	450,000	(137,074)	312,926
Total comprehensive loss for the period		-	(18,258)	(18,258)
Provision for zakat for the period		-	-	-
<b>Balance as at 30 June 2016 (Unaudited)</b>		<b><u>450,000</u></b>	<b><u>(155,332)</u></b>	<b><u>294,668</u></b>

  
**Fahad Al-Semari**  
Director

  
Chief Financial Officer

  
Chief Executive Officer

The accompanying notes 1 to 15 form an integral part of these interim condensed financial statements.

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

**INTERIM STATEMENT OF INSURANCE OPERATIONS' CASH FLOWS**

For six months period ended 30 June 2017

	Note	Six months period ended 30 June 2017 (Unaudited) SR'000	Six months period ended 30 June 2016 (Unaudited) SR'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net result for the period from insurance operations		-	-
Adjustments for non-cash items:			
Unrealized gain on FVTIS investments	6 (ii)	(55)	(32)
Realized gain on FVTIS investments	6 (ii)	-	(14)
Allowance for doubtful receivables	5	7,589	6,819
Depreciation		1,316	1,411
Employees' end of service benefits		1,184	341
Income before changes in operating assets and liabilities		10,034	8,525
<i>Changes in operating assets and liabilities:</i>			
<i>Operating assets:</i>			
Premiums and reinsurance receivables		(17,383)	(129,113)
Reinsurers' share of outstanding claims		55,254	(80,324)
Reinsurers' share of unearned premiums		(25,410)	(40,939)
Deferred policy acquisition costs		(5,986)	(6,094)
Prepayments and other assets		(6,278)	(189)
Due to / (from) shareholders' operations		2,392	(12,649)
<i>Operating liabilities:</i>			
Gross outstanding claims		(57,248)	97,726
Reinsurance balances payable		23,044	64,314
Gross unearned premiums		59,055	86,055
Unearned reinsurance commission		3,435	683
Accrued expenses and other liabilities		(1,862)	7,194
Unit linked liabilities		1,783	108
Unit linked investments		(1,783)	(343)
Cash generated from / (used in ) operations		39,047	(5,046)
Employees' end of service benefits paid		(99)	(5)
<b>Net cash generated from / (used in) operating activities</b>		<b>38,948</b>	<b>(5,051)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of investments	6 (ii)	(38,000)	(15,000)
Proceeds from sale of investments		-	20,146
Purchase of property and equipment		(1,023)	(1,132)
<b>Net cash (used in) / generated from investing activities</b>		<b>(39,023)</b>	<b>4,014</b>
<b>Net change in cash and cash equivalents</b>		<b>(75)</b>	<b>(1,037)</b>
Cash and cash equivalents at the beginning of the period		4,308	11,852
<b>Cash and cash equivalents at the end of the period</b>	3	<b>4,233</b>	<b>10,815</b>

  
**Fahad Alsemari**  
Director

  
Chief Financial Officer

  
Chief Executive Officer

The accompanying notes 1 to 15 form an integral part of these interim condensed financial statements.

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

**INTERIM STATEMENT OF SHAREHOLDERS' OPERATIONS CASH FLOWS**

For six months period ended 30 June 2017

	Notes	Six months period ended 30 June 2017 (Unaudited) SR'000	Six months period ended 30 June 2016 (Unaudited) SR'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net loss for the period		(5,826)	(18,258)
Adjustments for non-cash items:			
Shareholders' appropriations from insurance operations			
Realized (gain) on FVTIS	6 (i)	(147)	(16)
Unrealized (gain) / loss on FVTIS	6 (i)	(431)	461
Loss before changes in operating assets and liabilities		(6,404)	(17,813)
<i>Changes in operating assets and liabilities:</i>			
<i>Operating assets:</i>			
Due from related parties		(245)	2
Due from insurance operations		(2,392)	-
Prepayments and other assets		1,022	(1,061)
<i>Operating liabilities:</i>			
Accrued expenses and other liabilities		(470)	(1,077)
Due to insurance operations		-	12,649
Zakat paid	8	(4,335)	(682)
<b>Net cash used in operating activities</b>		<b>(12,824)</b>	<b>(7,982)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Murabaha deposit		(91,705)	(100,650)
Purchase of investments		(95,155)	(10,000)
Proceeds from sale of investments		126,370	40,184
<b>Net cash used in investing activities</b>		<b>(60,490)</b>	<b>(70,466)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Transaction cost relating to reduction of capital	9	(403)	-
<b>Net cash used in investing activities</b>		<b>(403)</b>	<b>-</b>
<b>Net change in cash and cash equivalents</b>		<b>(73,717)</b>	<b>(78,448)</b>
Cash and cash equivalents at the beginning of the period		136,002	153,963
<b>Cash and cash equivalents at the end of the period</b>	3	<b>62,285</b>	<b>75,515</b>
<b>Non cash transactions</b>			
Reduction in share capital	9	150,000	-

  
**Fahad Alsemari**  
Director

  
Chief Financial Officer

  
Chief Executive Officer

The accompanying notes 1 to 15 form an integral part of these interim condensed financial statements.

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

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

For the three month and six month periods ended 30 June 2017

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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 Ministry of Commerce and Industry's Resolution number 309/Q dated 19 Rajab 1433H (corresponding to 9 June 2012G). The Commercial Registration number of the Company is 1010342527, dated 28 Rajab 1433H (corresponding to 18 June 2012G). The Company is listed on the Saudi Arabian Stock Exchange ("Tadawul") since 24 June 2012. The Registered Office of the Company is situated at Al-Anoud Tower 2, 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 2009G), pursuant to the Council of Ministers' Resolution No. 140 dated 2 Jumada-Al Thani 1430H (corresponding to 26 June 2009G).

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

**2 BASIS OF PREPARATION**

**2.1 Statement of compliance**

During 2017, SAMA issued guidance for the accounting of zakat and income tax through a circular number 381000074519 dated 14 Rajab 1438H (corresponding to 11 April 2017) and subsequent clarifications. This change in framework resulted in a change in accounting policy for zakat and the effects of this change are disclosed in note 13 to the interim condensed financial information.

Applying the above framework, the interim condensed financial statements (interim condensed financial information) of the Company for the three month and six month periods ended 30 June, 2017 have been prepared using the International Accounting Standard 34 - Interim Financial Reporting ("IAS 34") and SAMA guidance for the accounting of zakat and tax.

Until 2016, the condensed interim financial statements of the Company were prepared in accordance with the IAS 34. The change in framework resulted in a change in the presentation of zakat and income tax (as disclosed in note 2.5) to the condensed interim financial statements.

These interim condensed financial statements for the three month and six month periods ended 30 June 2017 do not include all the information and disclosures required for a complete set of financial statements prepared in accordance with IFRS. These interim condensed financial statements should be read in conjunction with the annual financial statements as at and for the year ended 31 December 2016.

As required by the Saudi Arabian Insurance Regulations issued by SAMA, the Company maintains separate books of accounts for the Insurance Operations and Shareholders' Operations and presents the financial statements accordingly. 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 management and the Board of Directors.

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

For the three month and six month periods ended 30 June 2017

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**2 BASIS OF PREPARATION (continued)**

**2.1 Statement of compliance (continued)**

In accordance with Article 70 of the SAMA Implementing Regulations, the Company must 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 and as stipulated by SAMA circular, provided the customer contract (policy) is active and paid-up to date at the time of settlement of the cooperative distribution amount. As per the by-laws of the Company, surplus arising from insurance operations is distributed between shareholders and policyholders at 90 % and 10 % respectively.

**2.2 Critical accounting estimates and judgements**

The preparation of interim condensed financial statements in conformity with IFRS and guidance provided by SAMA for zakat and income tax 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.

**2.3 Comparatives**

Certain comparative amounts have been rearranged / reclassified to conform to the current period's presentation. The Company presents its interim statements of financial position broadly in order of liquidity.

**2.4 Functional and reporting currency**

The interim condensed financial statements are expressed in Saudi Arabian Riyals, being the functional and presentation 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.

**2.5 Significant accounting and risk management policies**

The accounting and risk management policies adopted in the preparation of these condensed interim financial statements are consistent with the Company's audited financial statements for the year ended 31 December 2016, except that the Company used to charge zakat and income tax to the condensed interim statement of changes in shareholders' equity through the condensed interim statement of shareholders' comprehensive income. As a result of the Circular, the Company has changed its presentation relating to zakat and income tax and has started to charge zakat and income tax directly to the condensed interim statement of shareholders' equity. The Company has accounted for this change retrospectively, which has no effect on other comprehensive income as no zakat and tax was accounted for in the period ended 30 June 2016. The above change did not have any impact on components of the shareholders' equity of prior periods presented earlier.

**2.6 Standards, interpretations and amendments to existing standards**

*New IFRS, International Financial Reporting and Interpretations Committee's interpretations ("IFRIC") and amendments thereof, adopted by the Company*

The adoption of certain amendments and revisions to existing standards as mentioned below, which have no significant financial impact on the interim condensed financial statements of the Company. These interim condensed financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2016. The results of the interim period are not indicative of the results of the full statutory financial year.



NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the three month and six month periods ended 30 June 2017

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**2 BASIS OF PREPARATION (continued)**

**2.6 Standards, interpretations and amendments to existing standards (continued)**

*New IFRS, International Financial Reporting and Interpretations Committee's interpretations ("IFRIC") and amendments thereof, adopted by the Company (Continued)*

**- Amendments to IAS 7, 'Statement of Cashflows' disclosure initiative**

Amendments to IAS 7, 'Statement of Cashflows' on disclosure initiative, effective 1 January 2017. These amendments introduced an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from the financing activities.

**- Amendments to IAS 12, 'Income taxes' on 'Recognition of deferred tax assets for unrealized losses'**

Amendments to IAS 12, 'Income taxes' on Recognition of deferred tax assets for unrealized losses, effective 1 January 2017. This amendment clarify how to account for deferred tax assets related to debt instruments measured at fair value.

**- Annual improvements 2014 - 2016**

Amendments to IFRS 12 on disclosure of interest in other entities, effective 1 January 2017. This amendment clarifies the scope of IFRS 12 by specifying that its disclosure requirements apply to an entity's interests irrespective of whether they are classified as held for sale or as discontinued operations in accordance with IFRS 5.

*Standards, interpretations and amendments to published standards that will be effective for the periods commencing after 1 January 2018 and have not been early adopted by the Company*

The Company's management decided not to choose the early adoption of the following new and amended standards and interpretations issued which will become effective for the period commencing after 1 January 2018:

**- IFRS 9 'Financial Instruments'**

The new standard for financial instruments (IFRS 9) introduces extensive changes to IAS 39's guidance on the classification and measurement of financial assets and introduces a new 'expected credit loss' model for the impairment of financial assets. IFRS 9 also provides new guidance on the application of hedge accounting. Management has started to assess the impact of IFRS 9 but is not yet in a position to provide quantified information. At this stage the main areas of expected impact are as follows:

- the classification and measurement of the Company's financial assets will need to be reviewed based on the new criteria that considers the assets' contractual cash flows and the business model in which they are managed;
- an expected credit loss-based impairment will need to be recognized on the Company's receivables, unless classified as at fair value through profit or loss in accordance with the new criteria;
- if the Company continues to elect the fair value option for certain financial liabilities, fair value movements will be presented in statement of income and other comprehensive income to the extent those changes relate to the Company's own credit risk; and
- IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018.

**- IFRS 16 'Leases'**

IFRS 16 will replace IAS 17 and three related Interpretations. It completes the IASB's long-running project to overhaul lease accounting. Leases will be recorded on the statement of financial position in the form of a right-of-use asset and a lease liability.

IFRS 16 is effective from periods beginning on or after 1 January 2019. This will not have a significant impact as the Company does not enter in significant lease transactions.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

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**2 BASIS OF PREPARATION (continued)**

**2.6 Standards, interpretations and amendments to existing standards (continued)**

*Standards, interpretations and amendments to published standards that will be effective for the periods commencing after 1 January 2018 and have not been early adopted by the Company (continued)*

**- IFRS 15 'Revenue from Contracts with Customers'**

IFRS 15 presents new requirements for the recognition of revenue, replacing IAS 18 'Revenue', IAS 11 'Construction Contracts', and several revenue-related Interpretations. The new standard establishes a control-based revenue recognition model and provides additional guidance in many areas not covered in detail under existing IFRSs, including how to account for arrangements with multiple performance obligations, variable pricing, customer refund rights, supplier repurchase options, and other common complexities. IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018 and is not expected to affect the Company materially.

**- Amendments to IFRIC 22, 'Foreign currency transactions and advance consideration'**

IFRIC 22, 'Foreign currency transactions and advance consideration' effective 1 January 2018. This IFRIC addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency.

**- Annual improvements 2014 - 2016**

It include changes to

- IFRS 1, 'First time adoption of IFRS'
- IAS 28, 'Investments in associates and joint ventures'

**- Amendments to IFRS 1, 'First time adoption of IFRS' 'Deletion of short-term exemptions for first time adopters'**

Amendments to IFRS 1, 'First time adoption of IFRS' on deletion of short-term exemptions for first time adopters, effective 1 January 2018. This amendment deletes a number of short-term exemptions as the reliefs provided earlier are no longer available or because they were relevant for reporting periods that have now passed.

**- Amendments to IAS 28, 'Investments in Associates and Joint ventures'**

Amendments to IAS 28 on investment in associates and joint ventures, effective 1 January 2018. This amendment clarifies that a qualifying entity is able to choose between applying the equity method or measuring an investment in associate or joint venture at fair value through profit or loss, separately for each associate or joint venture at initial recognition of the associate or joint venture.

Similar clarifications have been made for a reporting entity that is not an investment entity and that has an associate or a joint venture that is an investment entity. IAS 28 permits such a reporting entity the choice to retain the fair value measurements used by that investment entity associate or joint venture when applying the equity method. The amendments also clarify that this choice is also made separately for each investment in an associate or joint venture that is an investment entity, at the later of the date on which:

- a) the investment entity associate or joint venture is initially recognized.
- b) the associate or joint venture becomes an investment entity and;
- c) the investment entity associate or joint venture first becomes a parent.



NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the three month and six month periods ended 30 June 2017

2 BASIS OF PREPARATION (continued)

*Standards, interpretations and amendments to published standards that will be effective for the periods commencing after 1 January 2018 and have not been early adopted by the Company (continued)*

- **Amendments to IFRS 2, 'Share based payment' on 'how to account for certain types of share based payment transactions'**

Amendments to IFRS 2, 'Share based payment' on how to account for certain types of share based payment transactions, effective 1 January 2018. This amendment clarifies the measurement basis for cash-settled, share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the principles in IFRS 2 that will require an award to be treated as if it was wholly equity settled, where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share based payment and pay that amount to the tax authority.

- **Amendments to IFRS 4, 'Insurance contracts' regarding the implementation on IFRS 9 'Financial instruments'**

Amendments to IFRS 4, 'Insurance contracts' regarding the implementation on IFRS 9 'Financial instruments', effective 1 January 2018. This amendment introduces two approaches: an overlay approach and a deferral approach. The amended standard will give all companies that issue insurance contracts the option to recognize in other comprehensive income, rather than profit or loss, the volatility that could arise when IFRS 9 is applied before the new insurance contracts standard is issued; and give companies whose activities are predominantly connected with insurance an optional temporary exemption from applying IFRS 9 until 2021. The entities that defer the application of IFRS 9 will continue to apply the existing financial instrument standard - IAS 39 "Financial instruments".

- **Amendments to IAS 40, 'Investment property' relating to transfers of investment property**

Amendments to IAS 40, 'Investment property' relating to transfers of investment property, effective 1 January 2018. This amendment clarifies that to transfer to, or from, investment properties there must be a change in use. To conclude if a property has a changed use there should be an assessment of whether the property meets the definition. This change must be supported by evidence.

3 CASH AND CASH EQUIVALENTS

	30 June 2017 (Unaudited) SR' 000	31 December 2016 (Audited) SR'000
<b>Insurance operations</b>		
Cash in hand	45	45
Cash at bank – current accounts	4,188	4,263
	<u>4,233</u>	<u>4,308</u>

Cash at bank – Insurance Operations includes an amount of SR 3.2 million (2016: SR 4.26 million) held with Alinma Bank, a related party.

**Shareholders' operations**

Cash at bank – current accounts	62,285	9,567
Short-term Murabaha deposits	-	126,435
	<u>62,285</u>	<u>136,002</u>

Cash at banks – Shareholders' Operations includes an amount of SR 62.27 Million (2016: SR 9.56 million) held with Alinma Bank, a related party.

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**4 MURABAHA DEPOSITS**

Murabaha deposits represent deposits with local banks that have investment grade credit ratings and have an original maturity of more than three months from the date of acquisition, yielding an average profit rate of 2.20% (2016: Nil) per annum.

**5 PREMIUMS AND REINSURANCE RECEIVABLES, NET**

	<i>30 June 2017</i> <i>(Unaudited)</i>	<i>31 December</i> <i>2016</i> <i>(Audited)</i>
	<i>SR' 000</i>	<i>SR'000</i>
Premiums receivable	146,278	61,627
Premiums receivable from a related party (note 10)	7,590	5,745
Reinsurance receivables	62,842	131,955
	<u>216,710</u>	<u>199,327</u>
Less: allowance for doubtful receivables	<u>(12,996)</u>	<u>(5,407)</u>
	<u><u>203,714</u></u>	<u><u>193,920</u></u>

**6 INVESTMENTS**

**(i) Shareholders' Operations**

	<i>30 June 2017</i> <i>(Unaudited)</i>	<i>31 December</i> <i>2016</i> <i>(Audited)</i>
	<i>SR' 000</i>	<i>SR'000</i>
<b>Investments</b>		
Available for sale investment	1,923	1,923
Investments at fair value through income statement	53,112	83,379
Investments held to maturity	14,078	14,448
	<u>69,113</u>	<u>99,750</u>

This represents investment in Najam for Insurance Services Company (classified as available for sale), equity shares, Shari'ah compliant mutual funds, discretionary portfolios and real estate fund (classified as investment at fair value through income statement "FVTIS") and sukuk (classified as held to maturity investments).

The movement during the period / year is as follows:

	<i>30 June 2017</i> <i>(Unaudited)</i>	<i>31 December</i> <i>2016</i> <i>(Audited)</i>
	<i>SR' 000</i>	<i>SR'000</i>
<i>Available for sale investment</i>		
Balance at the beginning and end of the period / year	<u>1,923</u>	<u>1,923</u>

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

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**6 INVESTMENTS (continued)**

**(i) Shareholders' Operations (continued)**

	<i>30 June 2017</i> <i>(Unaudited)</i>	<i>31 December</i> <i>2016</i> <i>(Audited)</i>
	<i>SR' 000</i>	<i>SR'000</i>
<b><i>Investments at fair value through income statement</i></b>		
Balance at the beginning of the period / year	83,379	115,802
Purchased during the period / year	95,155	50,937
Sold during the period / year	(126,000)	(84,860)
Realized gain / (loss) during the period / year	147	(12)
Unrealized gain during the period / year	431	1,512
Balance at the end of the period / year	<u>53,112</u>	<u>83,379</u>
	<i>30 June 2017</i> <i>(Unaudited)</i>	<i>31 December</i> <i>2016</i> <i>(Audited)</i>
	<i>SR' 000</i>	<i>SR'000</i>
<b><i>Investments held to maturity</i></b>		
Balance at the beginning of the period / year	14,448	-
Purchased during the period / year	-	15,000
Redeemed during the period / year	(370)	(552)
Balance at the end of the period / year	<u>14,078</u>	<u>14,448</u>

Investments held to maturity have a tenure of ten years with quarterly partial redemptions, yielding an average profit rate of SIBOR (3M) + 2.125% [2016: SIBOR (3M) + 2.125%] per annum.

**(ii) Policyholders' Operations**

	<i>30 June 2017</i> <i>(Unaudited)</i>	<i>31 December</i> <i>2016</i> <i>(Audited)</i>
	<i>SR' 000</i>	<i>SR'000</i>
<b><i>Investments at fair value through income statement</i></b>		
Balance at the beginning of the period / year	-	10,124
Purchased during the period / year	38,000	35,000
Sold during the period / year	-	(45,231)
Realized gain during the period / year	-	107
Unrealized gain during the period / year	55	-
Balance at the end of the period / year	<u>38,055</u>	<u>-</u>

**DETERMINATION OF FAIR VALUE AND FAIR VALUE HIERARCHY**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Underlying the definition of fair value there 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, premiums and reinsurance receivables, Murabaha deposit, reinsurance share of outstanding claims, investments and accrued income, and its financial liabilities consist of reinsurance balances payable, 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.

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**6 INVESTMENTS (continued)**

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

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

**Shareholders' Operations**

<b>As at 30 June 2017 (Unaudited)</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>SR'000</b>	<b>SR'000</b>	<b>SR'000</b>	<b>SR'000</b>
<b>Available for sale investment*</b>				
- Investment in unquoted equity	-	-	1,923	1,923
<b>Fair value through income statement</b>				
- Investment in multi assets mutual funds, equity shares, discretionary portfolios and real estate fund	43,112	10,000	-	53,112
<b>Investments held to maturity</b>				
- Sukuk	-	14,078	-	14,078
<b>Total</b>	<b>43,112</b>	<b>24,078</b>	<b>1,923</b>	<b>69,113</b>

**Shareholders' Operations**

<b>As at 31 December 2016 (Audited)</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>SR'000</b>	<b>SR'000</b>	<b>SR'000</b>	<b>SR'000</b>
<b>Available for sale investment*</b>				
- Investment in unquoted equity	-	-	1,923	1,923
<b>Fair value through income statement</b>				
- Investment in multi assets mutual funds, equity shares discretionary portfolios and real estate fund	73,379	10,000	-	83,379
<b>Investments held to maturity</b>				
- Sukuk	-	14,448	-	14,448
<b>Total</b>	<b>73,379</b>	<b>24,448</b>	<b>1,923</b>	<b>99,750</b>

\*As the fair value of the available for sale unquoted investment is not readily available, this investment is carried at cost and reviewed annually by the management for impairment.

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

**Policyholders' Operations**

<b>As at 30 June 2017 (Unaudited)</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>SR'000</b>	<b>SR'000</b>	<b>SR'000</b>	<b>SR'000</b>
<b>Fair value through income statement</b>				
- Investment in multi assets mutual funds,	38,055	-	-	38,055
<b>Total</b>	<b>38,055</b>	<b>-</b>	<b>-</b>	<b>38,055</b>
<b>As at 31 December 2016 (Audited)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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**7 CLAIMS**

	Gross SR'000	Reinsurers' share SR'000	Net SR'000
<b>As at 30 June 2017 (Unaudited)</b>			
Claims reported	53,577	(40,525)	13,052
IBNR and other reserves	72,634	(41,599)	31,035
	<u>126,211</u>	<u>(82,124)</u>	<u>44,087</u>
Claims paid during the six months period ended 30 June 2017	119,992	(79,732)	40,260
<b>As at 31 December 2016 (Audited)</b>			
Claims reported	111,998	(91,306)	20,692
IBNR and other reserves	71,461	(46,072)	25,389
	<u>183,459</u>	<u>(137,378)</u>	<u>46,081</u>
<b>Claims incurred during the six months period ended 30 June 2017 (Unaudited)</b>	<u>62,744</u>	<u>(24,478)</u>	<u>38,266</u>
<b>As at 30 June 2016 (Unaudited)</b>			
Claims reported	121,548	(101,329)	20,219
IBNR and other reserves	62,796	(40,651)	22,145
	<u>184,344</u>	<u>(141,980)</u>	<u>42,364</u>
Claims paid during the six months period ended 30 June 2016	75,511	(50,810)	24,701
<b>As at 31 December 2015 (Audited)</b>			
Claims reported	43,734	(35,117)	8,617
IBNR and other reserves	42,884	(26,539)	16,345
	<u>86,618</u>	<u>(61,656)</u>	<u>24,962</u>
Claims incurred during the six months period ended 30 June 2016 (Unaudited)	<u>173,237</u>	<u>(131,134)</u>	<u>42,103</u>

The Company has maintained a provision in respect of premium deficiency amounting to SR 3.5 million (2016: SR 3.5 million) for Motor businesses. The Company created this provision based on the assumption that the unearned premiums for motor business will not be sufficient to provide for the expected claims and other attributable expenses related to the unexpired periods of the policies in force at the statement of financial position date.

**8 ZAKAT AND INCOME TAX**

**Zakat**

The Company's zakat liability is calculated in accordance with the provisions of Zakat regulations applicable in the Kingdom of Saudi Arabia.

The movement in the Zakat provision for the period / year is as follows:

	30 June 2017 (Unaudited) SR' 000	31 December 2016 (Audited) SR'000
Balance at the beginning of the period / year	4,200	1,069
Zakat charge for the period / year	2,002	3,835
Zakat paid during the period / year	(4,335)	(687)
Advance tax paid during the period / year	-	(17)
<b>Balance at the end of the period / year</b>	<u>1,867</u>	<u>4,200</u>

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**8 ZAKAT AND INCOME TAX (continued)**

The Company has filed its Zakat returns with the General Authority for Zakat and Tax ("GAZT") for the period from 9 June 2012 to 31 December 2013 and for the year 2014 and 2015, and has obtained limited certificates for the years 2013, 2014 and 2015 however for the years 2014 and 2015, the GAZT, based on the PAC decision has issued revised assesment and requested for an additional payment of SAR 1.64 million. The management is considering the option of filing an appeal in this regard. Zakat return for the year ended 31 December 2016 has been filed, however, a limited certificate is yet to be received from GAZT.

	<i>As at 30 June 2017</i>	<i>As at 31 December 2016</i>
	(Unaudited)	(Audited)
<b>Break down of Company's shareholding</b>		
Percentage of Shareholdings subject to Zakat	<b>71.25%</b>	71.25%
Percentage of Shareholdings subject to Income Tax	<b>28.75%</b>	28.75%

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

**9 SHARE CAPITAL**

The authorized, issued and paid-up share capital of the Company is SR 300 million as at 30 June 2017 (2016: SR 450 million) consisting of 30 million shares (2016: 45 million shares) of SR 10 each.

On 15th February 2017, the board of directors have recommended to the shareholders to reduce the Company's share capital from SR 450,000,000 to SR 300,000,000 through writing off accumulated losses of SR 150,000,000. Due to the capital reduction there is no effect on the Company's financial obligations. The proposed capital reduction has been approved by the regulatory bodies and by its shareholders' in the General Assembly held on 10 May, 2017. During the period ended 30 June, 2017 the Company has incurred transaction costs of SR 403 thousands in respect of reduction in share capital, which has been charged directly to Statement of Changes in Equity.

**10 RELATED PARTY TRANSACTIONS AND BALANCES**

In the ordinary course of business, the Company transacts with related parties. Transactions with related parties are carried out on an arm's length basis.

- 10.1 In addition to the disclosure in note 3 and 5, the following are the details of major related party transactions during the period and the related balances at the end of the period:



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**10 RELATED PARTY TRANSACTIONS AND BALANCES (continued)**

		<i>Three months period ended 30 June 2017</i>	<i>Three months period ended 30 June 2016</i>	<i>Six months period ended 30 June 2017</i>	<i>Six months period ended 30 June 2016</i>
		<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>
		<i>Unaudited</i>			
<b>Nature of transaction</b>	<b><u>Related party</u></b>	<b><u>Amount of transactions</u></b>			
Insurance premiums received / receivable	Shareholder	<b>6,723</b>	6,820	<b>12,559</b>	13,178
Reinsurance premiums paid / payable	Shareholder	<b>1,171</b>	1,188	<b>1,740</b>	2,328
Claims paid net of recoveries	Shareholder	<b>3,163</b>	3,397	<b>9,587</b>	5,773
Reinsurance commission	Shareholder	<b>261</b>	303	<b>396</b>	587
Agency commission	Shareholder's Subsidiary	<b>103</b>		<b>174</b>	
Investments	Shareholder's Subsidiary	<b>1,193</b>	5,000	<b>1,829</b>	40,000
General and administrative expenses	Shareholder's Subsidiary	<b>726</b>	849	<b>1,252</b>	12

10.2 Following are the details of major related party balances at the end of the period/ year:

Nature of balance	Related party	As at June 30, 2017 (Unaudited)	As at December 31, 2016 (Audited)
		SR'000	SR'000
Premiums receivable	Shareholder	7,590	5,745
Reinsurer share of claims receivable	Shareholder	2,788	3,294
Reinsurer premiums payable		4,377	5,047
Claims payable net of recoveries	Shareholder	(55)	(70)
Investments	Shareholder's Subsidiary	54,345	48,860
Commission Payable	Shareholder's Subsidiary	182	139
General and administrative expenses	Shareholder's Subsidiary Shareholders Operations'	245	-
General and administrative expenses	Shareholder's Subsidiary Policyholders Operations'	668	-
Bank balances	Shareholder	65,492	13,820



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**10 RELATED PARTY TRANSACTIONS AND BALANCES (continued)**

10.3 Information relating to key management personnel:

	<i>Three months period ended 30 June 2017</i>	<i>Three months period ended 30 June 2016</i>	<i>Six months period ended 30 June 2017</i>	<i>Six months period ended 30 June 2016</i>
	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>
	<i>-----Unaudited-----</i>			
Short-term benefits	<b>1,424</b>	1,519	<b>2,620</b>	3,038
Long-term benefits	<b>536</b>	75	<b>663</b>	140

10.4 Board and sub-committee related expenses:

	<i>Three months period ended 30 June 2017</i>	<i>Three months period ended 30 June 2016</i>	<i>Six months period ended 30 June 2017</i>	<i>Six months period ended 30 June 2016</i>
	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>
	<i>-----Unaudited-----</i>			
Board of directors' remuneration	<b>255</b>	255	<b>510</b>	510
Board and sub-committees attendance fees	<b>123</b>	123	<b>246</b>	246

**11 LOSS PER SHARE FOR THE PERIOD / YEAR**

Loss per share for the period has been calculated by dividing the net loss for the period by the weighted average number of outstanding shares at the period end.

The weighted average number of shares have been retrospectively adjusted for all prior periods to reflect the reduction in share capital in line with the requirements of IAS 33, "Earnings per share".

The Loss per share are as follows:

	<i>Three months period ended 30 June 2017</i>	<i>Three months period ended 30 June 2016</i>	<i>Six months period ended 30 June 2017</i>	<i>Six months period ended 30 June 2016</i>
	<i>-----Unaudited-----</i>			
Net loss for the period (SR "000")	<b>(7,479)</b>	(10,830)	<b>(5,826)</b>	(18,258)
Weighted average number of ordinary shares ("000")	<b>30,000</b>	30,000	<b>30,000</b>	30,000
Loss per share for the period (restated) SR	<b>(0.249)</b>	(0.361)	<b>(0.194)</b>	(0.609)

**12 CONTINGENCIES AND COMMITMENTS**

As at 30 June 2017 the Company's banker has issued letters of guarantee of SR 0.98 million (2016: SR 1.24 million) to various customers, motor agencies and workshops as per the terms of their respective agreements which have been classified under prepayments and other assets in the statement of financial position. The Company has no capital commitments as at 30 June 2017 and 31 December 2016.

**13 SEGMENT REPORTING**

Segment information is presented in respect of the Company's business segments, which are fire, marine, general accident, engineering, motor, protection and savings and medical 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 fixed assets.

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

**ALINMA TOKIO MARINE COMPANY**  
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**13 SEGMENT REPORTING (continued)**

Segment results do not include general and administrative expenses.

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

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

	For the three months period ended 30 June 2017							
	Fire	Marine	General accident	Engineering	Motor	Protection and savings	Medical	Total
	SR '000	SR '000	SR '000	SR '000	SR '000	SR '000	SR '000	SR '000
<b>REVENUES</b>								
Gross written premiums	44,218	22,007	9,177	2,079	18,484	6,848	77	102,890
Reinsurance premiums ceded	(43,207)	(21,340)	(7,815)	(1,598)	1,176	(3,448)	-	(76,232)
Excess of loss expenses	(145)	(254)	(302)	(85)	(673)	-	-	(1,459)
Net written premiums	866	413	1,060	396	18,987	3,400	77	25,199
Net change in unearned premiums	(449)	(90)	15	(338)	7,031	27	512	6,708
Net earned premiums	417	323	1,075	58	26,018	3,427	589	31,907
Reinsurance commission earned and other income	2,966	1,775	839	335	53	-	-	5,968
<b>Total insurance revenues</b>	<b>3,383</b>	<b>2,098</b>	<b>1,914</b>	<b>393</b>	<b>26,071</b>	<b>3,427</b>	<b>589</b>	<b>37,875</b>
<b>CLAIMS AND EXPENSES</b>								
Net claims incurred	(128)	(332)	(81)	85	(18,730)	(310)	(601)	(20,097)
Policy acquisition costs	(1,346)	(756)	(456)	(159)	(2,714)	(193)	(25)	(5,649)
Inspection and supervision fees	(399)	(236)	(85)	(27)	(216)	(53)	28	(988)
Change in unit linked reserves	-	-	-	-	-	(1,127)	-	(1,127)
Net underwriting results	1,510	774	1,292	292	4,411	1,744	(9)	10,014
Investment income								55
General and administrative expenses								(17,905)
<b>Net deficit from insurance operations</b>								<b>(7,836)</b>

	For the three months period ended 30 June 2016							
	Fire	Marine	General accident	Engineering	Motor	Protection and savings	Medical	Total
	SR '000	SR '000	SR '000	SR '000	SR '000	SR '000	SR '000	SR '000
REVENUES								
Gross written premiums	16,514	5,956	4,317	1,821	27,409	6,004	7,145	69,166
Reinsurance premiums ceded	(16,260)	(5,297)	(3,299)	(1,617)	(6,199)	(3,393)	-	(36,065)
Excess of loss expenses	(11)	(194)	(115)	(28)	(436)	-	-	(784)
Net written premiums	243	465	903	176	20,774	2,611	7,145	32,317
Net change in unearned premiums	(62)	(192)	(480)	(113)	2,481	46	(5,950)	(4,270)
Net earned premiums	181	273	423	63	23,255	2,657	1,195	28,047
Reinsurance commission earned and other income	2,662	1,480	855	294	181	-	-	5,472
Total insurance revenues	2,843	1,753	1,278	357	23,436	2,657	1,195	33,519
CLAIMS AND EXPENSES								
Net claims incurred	(1,071)	(658)	545	(477)	(19,672)	(918)	(1,039)	(23,290)
Change in unit linked reserves	-	-	-	-	-	33	-	33
Policy acquisition costs	(1,130)	(414)	(315)	(116)	(3,046)	(63)	(50)	(5,134)
Inspection and supervision fees	(15)	(8)	(16)	(6)	(178)	6	(143)	(360)
Surrenders	-	-	-	-	-	(28)	-	(28)
Net underwriting results	627	673	1,492	(242)	540	1,687	(37)	4,740
Investment income								(26)
General and administrative expenses								(16,934)
Net deficit from insurance operations								(12,220)

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

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**13 SEGMENT REPORTING (continued)**

For the six months period ended 30 June 2017

	Fire	Marine	General accident	Engineering	Motor	Protection and savings	Medical	Total
	SR '000	SR '000	SR '000	SR '000	SR '000	SR '000	SR '000	SR '000
<b>REVENUES</b>								
Gross written premiums	55,802	34,018	13,615	3,849	86,057	13,240	77	206,658
Reinsurance premiums ceded	(53,885)	(32,432)	(10,340)	(3,235)	(454)	(6,595)	-	(106,941)
Excess of loss expenses	(290)	(507)	(603)	(170)	(1,348)	-	-	(2,918)
Net written premiums	1,627	1,079	2,672	444	84,255	6,645	77	96,799
Net change in unearned premiums	(893)	(148)	(835)	(463)	(33,541)	(39)	2,274	(33,645)
Net earned premiums	734	931	1,837	(19)	50,714	6,606	2,351	63,154
Reinsurance commission earned and other income	5,254	5,398	1,662	683	102	-	-	13,099
Total insurance revenues	5,988	6,329	3,499	664	50,816	6,606	2,351	76,253
<b>CLAIMS AND EXPENSES</b>								
Net claims incurred	171	(1,802)	(85)	94	(34,319)	(368)	(1,957)	(38,266)
Policy acquisition costs	(2,378)	(1,407)	(795)	(306)	(5,784)	(358)	(99)	(11,127)
Inspection and supervision fees	(404)	(246)	(98)	(28)	(622)	(96)	(1)	(1,495)
Change in unit linked reserves	-	-	-	-	-	-	(1,701)	(1,701)
Surrenders	-	-	-	-	-	(52)	-	(52)
Other underwriting income	-	-	-	-	955	-	-	955
Net underwriting results	3,377	2,874	2,521	424	11,046	5,732	(1,407)	24,567
Investment Income	-	-	-	-	-	-	-	70
General and administrative expenses	-	-	-	-	-	-	-	(30,475)
Net deficit from insurance operations	-	-	-	-	-	-	-	(5,838)

For the six months period ended 30 June 2016

	Fire	Marine	General accident	Engineering	Motor	Protection and savings	Medical	Total
	SR '000	SR '000	SR '000	SR '000	SR '000	SR '000	SR '000	SR '000
<b>REVENUES</b>								
Gross written premiums	38,835	15,028	12,120	2,994	143,013	13,916	7,145	233,051
Reinsurance premiums ceded	(38,471)	(14,414)	(9,907)	(2,701)	(60,713)	(8,330)	-	(134,536)
Excess of loss expenses	(23)	(388)	(231)	(56)	(869)	-	-	(1,567)
Net written premiums	341	226	1,982	237	81,431	5,586	7,145	96,948
Net change in unearned premiums	(98)	452	124	(113)	(39,323)	(208)	(5,950)	(45,116)
Net earned premiums	243	678	2,106	124	42,108	5,378	1,195	51,832
Reinsurance commission earned and other income	4,946	4,063	1,398	551	432	-	-	11,390
Total insurance revenues	5,189	4,741	3,504	675	42,540	5,378	1,195	63,222
<b>CLAIMS AND EXPENSES</b>								
Net claims incurred	(780)	(1,907)	470	(464)	(37,013)	(1,370)	(1,039)	(42,103)
Policy acquisition costs	(1,765)	(886)	(509)	(233)	(5,175)	(209)	(50)	(8,827)
Inspection and supervision fees	(39)	(23)	(27)	(9)	(566)	(33)	(143)	(840)
Change in unit link reserve	-	-	-	-	-	(108)	-	(108)
Surrenders	-	-	-	-	-	(29)	-	(29)
Other underwriting income	-	-	-	-	601	-	-	601
Net underwriting results	2,605	1,925	3,438	(31)	387	3,629	(37)	11,916
Investment income	-	-	-	-	-	-	-	(24)
General and administrative expenses	-	-	-	-	-	-	-	(30,609)
Net deficit from insurance operations	-	-	-	-	-	-	-	(18,717)

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

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**13 SEGMENT REPORTING (continued)**

	As at 30 June 2017 (Unaudited)							
	Fire	Marine	General accident	Engineering	Motor	Protection and savings	Medical	Total
	SR '000	SR '000	SR '000	SR '000	SR '000	SR '000	SR '000	SR '000
<b>ASSETS</b>								
Reinsurers' share of outstanding claims	31,808	31,793	5,431	3,861	2,676	6,555	-	82,124
Reinsurers' share of unearned premiums	37,145	15,878	7,696	4,116	885	119	-	65,839
Deferred policy acquisition costs	3,103	397	1,002	565	6,343	14	-	11,424
Unit linked investments	-	-	-	-	-	5,254	-	5,254
Unallocated assets								263,505
<b>Total assets</b>								<b>428,146</b>
<b>LIABILITIES</b>								
Gross outstanding claims	32,781	34,680	6,743	4,139	34,025	8,193	5,650	126,211
Gross unearned premiums	38,487	16,658	10,096	4,980	63,972	190	75	134,458
Unearned insurance commission	5,725	1,887	1,910	853	63	-	-	10,438
Unit linked liabilities	-	-	-	-	-	5,254	-	5,254
Unallocated liabilities								151,785
<b>Total liabilities</b>								<b>428,146</b>

	As at 31 December 2016 (Audited)							
	Fire	Marine	General accident	Engineering	Motor	Protection and savings	Medical	Total
	SR '000	SR '000	SR '000	SR '000	SR '000	SR '000	SR '000	SR '000
ASSETS								
Reinsurers' share of outstanding claims	66,834	25,753	6,148	4650	22,336	11,657	-	137,378
Reinsurers' share of unearned premiums	12,078	11,095	2,944	4,527	9734	51	-	40,429
Deferred policy acquisition costs	1268	710	419	334	2602	6	99	5,438
Unit linked investments	-	-	-	-	-	3,471	-	3,471
Unallocated assets								209,746
Total assets								396,462
LIABILITIES								
Gross outstanding claims	68,556	27,305	7,511	5039	57,044	14,618	3,386	183,459
Gross unearned premiums	12,527	11,727	4,509	4,927	39,282	82	2,349	75,403
Unearned reinsurance commission	2,572	2,390	1069	835	137	-	-	7,003
Unit linked liabilities	-	-	-	-	-	3,471	-	3,471
Unallocated liabilities								127,126
Total liabilities								396,462

**14 CHANGE IN ACCOUNTING POLICY**

Effective 1 January 2017, based on the Circular issued by SAMA in relation to the 'Accounting of Zakat and Income tax', the Company amended its accounting policy to charge zakat directly to retained earnings/accumulated losses instead of a charge within interim statement of shareholders' comprehensive income.

The Zakat charge for three month and six month periods ended 30 June 2016 was nil, as a result the above change in accounting policy has no impact on interim statements of financial position, shareholders' comprehensive income, changes in shareholders equity and cash flows for any of the period presented.

**15 APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS**

These interim condensed financial statements have been approved by the Board of Directors on 01 August, 2017G corresponding to 09 Thul Qi'dah, 1438H.