

ALINMA TOKIO MARINE COMPANY
(A Saudi Joint Stock Company)

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

FOR THE THREE MONTHS AND YEAR ENDED 31 DECEMBER 2017

ALINMA TOKIO MARINE COMPANY
(A SAUDI JOINT STOCK COMPANY)

FOR THE THREE MONTHS AND YEAR ENDED 31 DECEMBER 2017

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INDEPENDENT AUDITORS' REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL INFORMATION 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 31 December 2017 and the related interim statement of income - insurance operations, interim statement of insurance operations' comprehensive income, interim statement of income - shareholders' operations, interim statement of shareholders' comprehensive income for the three and twelve 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 twelve month periods then ended, and the related notes which form an integral part of the 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) as modified by Saudi Arabian Monetary Authority (SAMA) for the accounting of zakat and income tax. Our responsibility is to express a conclusion on these interim condensed 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 are not prepared, in all material respects, in accordance with IAS 34 as modified by SAMA for accounting of zakat and income tax.

Aldar Audit Bureau
Abdullah Al Basri & Co
P. O. Box 2195 Riyadh 11451
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Abdullah M. Al Basri
Certified Public Accountant
Registration No. 171



29 January 2018
12 Jumada I 1439H

PKF Al Bassam & Co.
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ALINMA TOKIO MARINE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

	<i>Note</i>	<i>31 December 2017 (Unaudited) SR'000</i>	<i>31 December 2016 (Audited) SR'000</i>
INSURANCE OPERATIONS' ASSETS			
Cash and cash equivalents	3	14,684	4,308
Investments	5	46,436	-
Premiums and reinsurance receivables, net	4	126,390	193,920
Reinsurers' share of unearned premiums		31,202	40,429
Reinsurers' share of outstanding claims	6	144,604	137,378
Deferred policy acquisition costs		7,529	5,438
Prepayments and other assets		13,053	4,928
Property and equipment		7,111	6,590
Unit linked investments		8,400	3,471
Total insurance operations' assets		399,409	396,462
SHAREHOLDERS' ASSETS			
Cash and cash equivalents	3	93,179	136,002
Investments	5	137,061	99,750
Prepayments and other assets		1,693	1,590
Statutory deposit		45,000	45,000
Due from a related party	9	8	-
Due from insurance operations		14,987	17,331
Total shareholders' assets		291,928	299,673
TOTAL ASSETS		691,337	696,135


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 31 December 2017

	<i>Note</i>	<i>31 December 2017 (Unaudited) SR'000</i>	<i>31 December 2016 (Audited) SR'000</i>
INSURANCE OPERATIONS' LIABILITIES			
Gross outstanding claims	6	179,368	183,459
Gross unearned premiums		77,207	75,403
Reinsurance balances payable		61,390	82,618
Unearned reinsurance commission		6,661	7,003
Accrued expenses and other liabilities		47,348	24,394
Unit linked liabilities		8,400	3,471
Mathematical reserves		100	-
Employees' end of service benefits		4,273	2,783
Due to shareholders' operations		14,987	17,331
Remeasurement of retirement benefit obligation		(325)	-
Total insurance operations' liabilities		399,409	396,462
SHAREHOLDERS' LIABILITIES AND EQUITY			
SHAREHOLDERS' LIABILITIES			
Accrued expenses and other liabilities		3,641	3,819
Zakat and income tax payable	7	5,024	4,200
Total shareholders' liabilities		8,665	8,019
SHAREHOLDERS' EQUITY			
Share capital	8	300,000	450,000
Accumulated losses		(16,737)	(158,346)
Total shareholders' equity		283,263	291,654
TOTAL SHAREHOLDERS' LIABILITIES AND EQUITY		291,928	299,673
TOTAL INSURANCE OPERATIONS' LIABILITIES, SHAREHOLDERS' LIABILITIES AND EQUITY		691,337	696,135

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 - INSURANCE OPERATIONS

For the three months and Year ended 31 December 2017

	<i>Three months period ended 31 December 2017</i>	<i>Three months period ended 31 December 2016</i>	<i>Year ended 31 December 2017</i>	<i>Year ended 31 December 2016</i>
<i>Note</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Audited)</i>
	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>
REVENUES				
Gross written premiums	39,561	41,970	296,723	321,888
Reinsurance premiums ceded	(14,288)	(23,823)	(142,711)	(187,185)
Excess of loss expenses	(2,480)	(5,727)	(7,021)	(8,077)
Net written premiums	22,793	12,420	146,991	126,626
Changes in gross unearned premiums	32,882	46,229	(1,804)	538
Changes in reinsurance share of unearned premiums	(17,671)	(28,623)	(9,227)	(11,850)
Net change in unearned premiums	15,211	17,606	(11,031)	(11,312)
Net earned premiums	38,004	30,026	135,960	115,314
Reinsurance commission earned and other income	5,693	5,567	24,879	22,846
Total insurance revenues	43,697	35,593	160,839	138,160
CLAIMS AND EXPENSES				
Gross claims paid	6 (45,889)	(69,105)	(195,681)	(189,901)
Reinsurers' share of gross claims paid	6 17,496	44,676	109,003	120,660
Net claims paid	6 (28,393)	(24,429)	(86,678)	(69,241)
Changes in gross outstanding claims	18,129	48,201	4,091	(96,841)
Changes in reinsurers' share of outstanding claims	(8,924)	(48,551)	7,226	75,722
Net outstanding claims	9,205	(350)	11,317	(21,119)
Net claims incurred	(19,188)	(24,779)	(75,361)	(90,360)
Changes in unit linked reserves	(1,932)	(742)	(4,929)	(1,964)
Changes in mathematical reserves	(100)	-	(100)	-
Surrenders, net	(81)	(45)	(133)	(160)
Policy acquisition costs	(6,343)	(5,644)	(23,625)	(20,074)
Inspection and supervision fees	(213)	(694)	(1,523)	(1,657)
Other underwriting income	2,929	3,313	3,884	3,914
Net underwriting deficit	(24,928)	(28,591)	(101,787)	(110,301)
Investment income	129	483	411	161
General and administrative expenses	(14,915)	(8,886)	(50,653)	(45,939)
Reversal / (Charge) for allowance for doubtful receivables	3,005	(786)	(11,856)	(3,404)
Total claims and expenses, net	(36,709)	(37,780)	(163,885)	(159,483)
Net surplus / (deficit) from insurance operations	6,988	(2,187)	(3,046)	(21,323)
Appropriation to shareholders' operations	(6,988)	2,187	3,046	21,323
Net surplus / (deficit) after appropriations to shareholders' operations	-	-	-	-

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' COMPREHENSIVE INCOME
For the three months and Year ended 31 December 2017

	<i>Three months period ended 31 December 2017</i>	<i>Three months period ended 31 December 2016</i>	<i>Year ended 31 December 2017</i>	<i>Year ended 31 December 2016</i>
<i>Note</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Audited)</i>
	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>
Net profit / (loss) for the period	6,988	(2,187)	(3,046)	(21,323)
<i>Other comprehensive income / (loss)</i>	-	-	-	-
Remeasurement of retirement benefit plan	(325)	-	(325)	-
Total comprehensive income / (loss)	6,663	(2,187)	(3,371)	(21,323)



Director



Chief Financial Officer



Chief Executive Officer

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ALINMA TOKIO MARINE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM STATEMENT OF INCOME - SHAREHOLDERS' OPERATIONS

For the three months and Year ended 31 December 2017

		<i>Three months period ended 31 December 2017</i>	<i>Three months period ended 31 December 2016</i>	<i>Year ended 31 December 2017</i>	<i>Year ended 31 December 2016</i>
	<i>Note</i>	<i>(Unaudited) SR'000</i>	<i>(Unaudited) SR'000</i>	<i>(Unaudited) SR'000</i>	<i>(Audited) SR'000</i>
Net surplus / (deficit) transferred from insurance operations		6,988	(2,187)	(3,046)	(21,323)
Investment income		911	5,188	4,444	7,130
		<u>7,899</u>	<u>3,001</u>	<u>1,398</u>	<u>(14,193)</u>
General and administrative expenses		(1,666)	(1,077)	(4,227)	(3,244)
Net profit / (loss) for the period		<u>6,233</u>	<u>1,924</u>	<u>(2,829)</u>	<u>(17,437)</u>
Earnings / (Loss) per share (SR) (Restated)	10	<u>0.208</u>	<u>0.064</u>	<u>(0.094)</u>	<u>(0.581)</u>
Number of outstanding shares	8	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>


Director


Chief Financial Officer


Chief Executive Officer

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ALINMA TOKIO MARINE COMPANY
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INTERIM STATEMENT OF SHAREHOLDERS' OPERATIONS COMPREHENSIVE INCOME
For the three months and Year ended 31 December 2017

	<i>Three months period ended 31 December 2017</i>	<i>Three months period ended 31 December 2016</i>	<i>Year ended 31 December 2017</i>	<i>Year ended 31 December 2016</i>
<i>Note</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Audited)</i>
	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>
Net profit / (loss) for the period	6,233	1,924	(2,829)	(17,437)
Other comprehensive income	-	-	-	-
Total comprehensive income / (loss)	6,233	1,924	(2,829)	(17,437)

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 CHANGES IN SHAREHOLDERS' EQUITY

For the year ended 31 December 2017

	<i>Note</i>	Share capital	Accumulated losses	Total
		<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>
2017				
Balance as at 31 December 2016 (Audited)	8	450,000	(158,346)	291,654
Reduction in share capital / accumulated losses		(150,000)	150,000	-
Transaction cost relating to reduction in share capital	8	-	(403)	(403)
Total comprehensive loss for the year		-	(2,829)	(2,829)
Provision for zakat and tax for the year	7	-	(5,159)	(5,159)
Balance as at 31 December 2017 (Unaudited)		300,000	(16,737)	283,263
2016				
Balance as at 31 December 2015 (Audited)	8	450,000	(137,074)	312,926
Total comprehensive loss for the year		-	(17,437)	(17,437)
Provision for zakat for the year		-	(3,835)	(3,835)
Balance as at 31 December 2016 (Audited)		450,000	(158,346)	291,654


Director


Chief Financial Officer


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ALINMA TOKIO MARINE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM STATEMENT OF INSURANCE OPERATIONS' CASH FLOWS
For the year ended 31 December 2017

	<i>Note</i>	<i>Year ended 31 December 2017 (Unaudited) SR'000</i>	<i>Year ended 31 December 2016 (Audited) SR'000</i>
CASH FLOWS FROM OPERATING ACTIVITIES			
Net result from insurance operations		-	-
Adjustments for non-cash items:		-	-
Unrealized gain on FVTIS investments	5 (ii)	(397)	-
Realized gain on FVTIS investments	5 (ii)	(39)	(107)
Allowance for doubtful receivables	4	11,856	3,404
Depreciation		2,649	3,084
Employees' end of service benefits		1,398	1,109
Income before changes in operating assets and liabilities		15,467	7,490
<i>Changes in operating assets and liabilities:</i>			
<i>Operating assets:</i>			
Premiums and reinsurance receivables, net		55,674	(91,614)
Reinsurers' share of outstanding claims		(7,226)	(75,722)
Reinsurers' share of unearned premiums		9,227	11,850
Deferred policy acquisition costs		(2,091)	(1,740)
Prepayments and other assets		(8,125)	(2,074)
Due (from) / to shareholders' operations		(2,344)	18,052
Unit linked investments		(4,929)	(2,237)
<i>Operating liabilities:</i>			
Gross outstanding claims		(4,091)	96,841
Reinsurance balances payable		(21,228)	22,990
Gross unearned premiums		1,804	(538)
Unearned reinsurance commission		(342)	(1,244)
Accrued expenses and other liabilities		22,954	390
Unit linked liabilities		4,929	1,964
Mathematical reserves		100	-
Cash generated from / (used in) operations		59,679	(15,592)
Employees' end of service benefits paid		(233)	(313)
Net cash generated from / (used in) operating activities		59,546	(15,905)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investments	5 (ii)	(114,000)	(35,000)
Proceeds from sale of investments		68,000	45,231
Purchase of property and equipment		(3,170)	(1,870)
Net cash (used in) / generated from investing activities		(49,170)	8,361
Net change in cash and cash equivalents		10,376	(7,544)
Cash and cash equivalents at the beginning of the period		4,308	11,852
Cash and cash equivalents at the end of the period	3	14,684	4,308
Non cash transactions:			
Actuarial loss on employees' end of service benefits		325	-

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 the year ended 31 December 2017

	<i>Note</i>	<i>Year ended 31 December 2017 (Unaudited) SR'000</i>	<i>Year ended 31 December 2016 (Audited) SR'000</i>
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss for the year		(2,829)	(17,437)
Adjustments for non-cash items:			
Realized (gain) / loss on FVTIS	5 (i)	(214)	12
Unrealized (gain) on FVTIS	5 (i)	(1,539)	(1,512)
Loss before changes in operating assets and liabilities		(4,582)	(18,937)
<i>Changes in operating assets and liabilities:</i>			
<i>Operating assets:</i>			
Due from a related party		(8)	14
Due from insurance operations		2,344	(18,052)
Prepayments and other assets		(103)	(1,232)
<i>Operating liabilities:</i>			
Accrued expenses and other liabilities		(178)	1,475
Cash used in operations		(2,527)	(36,732)
Zakat paid	7	(4,335)	(704)
Net cash (used in) operating activities		(6,862)	(37,436)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investments		(227,295)	(65,937)
Proceeds from sale of investments		191,737	85,412
Net cash (used in) / generated from investing activities		(35,558)	19,475
CASH FLOWS FROM FINANCING ACTIVITIES			
Transaction cost relating to reduction of capital	8	(403)	-
Net cash used in investing activities		(403)	-
Net change in cash and cash equivalents		(42,823)	(17,961)
Cash and cash equivalents at the beginning of the year		136,002	153,963
Cash and cash equivalents at the end of the year	3	93,179	136,002
Non cash transactions:			
Reduction in share capital	8	150,000	-

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 months and Year ended 31 December 2017

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

The interim condensed financial statements (interim condensed financial information) of the Company for the three months and year ended 31 December 2017 have been prepared using the International Accounting Standard 34 - Interim Financial Reporting ("IAS 34") as modified by SAMA for the accounting of zakat and income tax', which requires, adoption of all IFRSs as issued by the International Accounting Standards Board ("IASB") except for the application of International Accounting Standard (IAS) 12 - "Income Taxes" and IFRIC 21 - "Levies" so far as these relate to zakat and income tax. As per the SAMA Circular no. 381000074519 dated 14 Rajab 1438H (corresponding to 11 April 2017) and subsequent amendments through certain clarifications relating to the accounting for zakat and income tax ("SAMA Circular"), the Zakat and Income tax are to be accrued on a quarterly basis through shareholders equity under retained earnings. This change in framework resulted in a change in accounting policy for zakat and income tax and the effects of this change are disclosed in note 14 to the interim condensed financial information.

These interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the company's annual financial statements 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 months and Year ended 31 December 2017

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 while any deficit pertaining to insurance operations will be borne by the shareholders in full.

2.2 Critical accounting estimates and judgements

The preparation of interim condensed financial statements is in conformity with IFRS as modified by SAMA for the accounting of zakat and income tax which 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 condensed 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 resulted in an increase in the total shareholders' comprehensive income by SR 3.83 million for the year ended 31 December 2016. The above change has made no impact on any of the components of the shareholders' equity of prior periods presented earlier.

ALINMA TOKIO MARINE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the three months and Year ended 31 December 2017

2 BASIS OF PREPARATION (continued)

2.6 Employees' end of service benefits

The Company operates a defined benefit plan for employees in accordance with Saudi Labor Law as defined by the conditions stated in the laws of the Kingdom of Saudi Arabia. The cost of providing the benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements for actuarial gains and losses are recognised immediately in the statement of financial position with a corresponding credit to equity through other comprehensive income of the policy holders in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent

Past service cost are recognised in profit or loss on the earlier of:

- The date of The plan amendment or curtailment, and
- The date The Company recognizes related restructuring costs

Net special commission income is calculated by applying the discount rate to the net defined benefit liability. The Company recognises the following changes in the net defined benefit obligation in the statement of income of insurance operations under general and administrative expenses:

- Service costs comprising current service costs, past service costs, gains and losses on curtailments and non-routine-settlements
- Net special commission expense or income

2.7 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 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 and note 2.5 of these financial statements. The results of the interim period are not indicative of the results of the full statutory financial year.

- 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.

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

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.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the three months and Year ended 31 December 2017

2 BASIS OF PREPARATION (continued)

2.7 Standards, interpretations and amendments to existing standards

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. 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. The Company expects to defer application of IFRS 9 till 2021, i.e, IFRS 17 - Insurance Contracts will become effective.

- 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.

- 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.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

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2 BASIS OF PREPARATION (continued)

2.7 Standards, interpretations and amendments to existing standards (continued)

- 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.

- 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.

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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 17, 'Insurance contracts' regarding the implementation on IFRS 9 'Financial instruments'

Amendments to IFRS 17, '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

	<i>31 December 2017 (Unaudited) SR' 000</i>	<i>31 December 2016 (Audited) SR'000</i>
<i>Insurance operations</i>		
Cash in hand	45	45
Cash at bank – current accounts	14,639	4,263
	<u>14,684</u>	<u>4,308</u>

Cash at bank – Insurance Operations includes an amount of SR 13.33 million (2016: SR 4.26 million) held with Alinma Bank, a related party.

Shareholders' operations

Cash at bank – current accounts	1,474	9,567
Short-term Murabaha deposits	91,705	126,435
	<u>93,179</u>	<u>136,002</u>

Cash at banks – Shareholders' Operations includes an amount of SR 1.46 Million (2016: SR 9.56 million) held with Alinma Bank, a related party.

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

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4 PREMIUMS AND REINSURANCE RECEIVABLES, NET

	<i>31 December 2017 (Unaudited) SR' 000</i>	<i>31 December 2016 (Audited) SR'000</i>
Premiums receivable	77,485	61,627
Premiums receivable from a related party (note 9)	6,567	5,745
Reinsurance receivables	59,601	131,955
	<u>143,653</u>	<u>199,327</u>
Less: allowance for doubtful receivables	<u>(17,263)</u>	<u>(5,407)</u>
	<u><u>126,390</u></u>	<u><u>193,920</u></u>

5 INVESTMENTS

(i) Shareholders' Operations

	<i>31 December 2017 (Unaudited) SR' 000</i>	<i>31 December 2016 (Audited) SR'000</i>
Investments		
Available for sale investment	1,923	1,923
Investments at fair value through income statement	121,427	83,379
Investments held to maturity	13,711	14,448
	<u><u>137,061</u></u>	<u><u>99,750</u></u>

This represents investment in Najm 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 year is as follows:

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

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5 INVESTMENTS (continued)

(i) Shareholders' Operations (continued)

	<i>31 December 2017 (Unaudited) SR' 000</i>	<i>31 December 2016 (Audited) SR'000</i>
<i>Investments at fair value through income statement</i>		
Balance at the beginning of the year	83,379	115,802
Purchased during the year	227,295	50,937
Sold during the year	(191,000)	(84,860)
Realized gain / (loss) during the year	214	(12)
Unrealized gain during the year	1,539	1,512
Balance at the end of the year	<u>121,427</u>	<u>83,379</u>
	<i>31 December 2017 (Unaudited) SR' 000</i>	<i>31 December 2016 (Audited) SR'000</i>
<i>Investments held to maturity</i>		
Balance at the beginning of the year	14,448	-
Purchased during the year	-	15,000
Redeemed during the year	(737)	(552)
Balance at the end of the year	<u>13,711</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) Insurance Operations

	<i>31 December 2017 (Unaudited) SR' 000</i>	<i>31 December 2016 (Audited) SR'000</i>
<i>Investments at fair value through income statement</i>		
Balance at the beginning of the year	-	10,124
Purchased during the year	114,000	35,000
Sold during the year	(68,000)	(45,231)
Realized gain during the year	39	107
Unrealized gain during the year	397	-
Balance at the end of the year	<u>46,436</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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5 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

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

As at 31 December 2017 (Unaudited)	Level 1	Level 2	Level 3	Total
	SR'000	SR'000	SR'000	SR'000
Available for sale investment*				
- Investment in unquoted equity	-	-	1,923	1,923
Fair value through income statement				
- Investment in multi assets mutual funds, equity shares, discretionary portfolios and real estate fund	121,427	-	-	121,427
Investments held to maturity				
- Sukuk	-	13,711	-	13,711
Total	121,427	13,711	1,923	137,061

Shareholders' Operations

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

*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.

Insurance Operations

As at 31 December 2017 (Unaudited)	Level 1	Level 2	Level 3	Total
	SR'000	SR'000	SR'000	SR'000
Fair value through income statement				
- Investment in multi assets mutual funds	46,436	-	-	46,436
Total	46,436	-	-	46,436
As at 31 December 2016 (Audited)	-	-	-	-

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6	CLAIMS	Gross SR'000	Reinsurers' share SR'000	Net SR'000
	As at 31 December 2017 (Unaudited)			
	Claims reported	139,746	(126,448)	13,298
	IBNR and other reserves	39,622	(18,156)	21,466
		<u>179,368</u>	<u>(144,604)</u>	<u>34,764</u>
	Claims paid during the year ended 31 December 2017	195,681	(109,003)	86,678
	As at 31 December 2016 (Audited)			
	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>
	Claims incurred during the year ended ended 31 December 2017 (Unaudited)	<u>191,590</u>	<u>(116,229)</u>	<u>75,361</u>
	As at 31 December 2016 (Audited)			
	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>
	Claims paid during the year ended 31 December 2016	189,901	(120,660)	69,241
	As at 31 December 2015 (Audited)			
	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 year ended 31 December 2016 (Audited)	<u>286,742</u>	<u>(196,382)</u>	<u>90,360</u>

7 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 year is as follows:

	31 December 2017 (Unaudited)	31 December 2016 (Audited)
	SR' 000	SR'000
Balance at the beginning of the year	4,200	1,069
Zakat and tax charge for the year	5,159	3,835
Zakat paid during the year	(4,335)	(687)
Advance tax paid during the year	-	(17)
Balance at the end of the year	<u>5,024</u>	<u>4,200</u>

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7 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 2012 through 2015, the GAZT, based on the PAC decision has issued revised assessment and requested for an additional Zakat and Withholding Tax payment of SAR 5.51 million and SR 2.9 million respectively. The management has already filed an appeal in this regard with GAZT. Zakat return for the year ended 31 December 2016 has been filed, and a limited certificate has been received from GAZT.

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

The Company has incurred a net loss during the period and therefore no income tax is due or charged to the interim Statement of changes in shareholders' equity.

8 SHARE CAPITAL

The authorized, issued and paid-up share capital of the Company is SR 300 million as at 31 December 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 year ended 31 December, 2017 the Company has incurred transaction costs of SR 403 thousands in respect of reduction in share capital, which has been charged directly to interim Statement of changes in shareholde's equity.

9 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.

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

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9 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

		Three months period ended 31 December 2017	Three months period ended 31 December 2016	Year ended 31 December 2017	Year ended 31 December 2016
		Unaudited	Unaudited	Unaudited	Audited
		SR'000	SR'000	SR'000	SR'000
Nature of transaction	Related party	Amount of transactions			
Insurance premiums received	Shareholder	5,087	7,055	24,246	33,357
Reinsurance premiums paid	Shareholder	1,692	559	3,989	4,770
Claims paid net of recoveries	Shareholder	7,469	7,298	24,189	15,930
Reinsurance commission	Shareholder	262	44	739	1,121
Agency commission	Shareholder's Subsidiary	281	198	993	656
Investments	Shareholder's Subsidiary	7,179	7,523	10,255	70,363
General and administrative expenses	Shareholder's Subsidiary	1,493	1,428	4,161	3,595

9.2 Following are the details of major related party balances at the end of the year:

Nature of balance	Related party	As at 31 December 2017 (Unaudited) SR'000	As at 31 December 2016 (Audited) SR'000
Premiums receivable	Shareholder	6,567	5,745
Reinsurer share of claims receivable	Shareholder	746	3,294
Reinsurer premiums payable	Shareholder	3,897	5,047
Claims payable net of recoveries	Shareholder	339	(70)
Investments	Shareholder's Subsidiary	63,294	48,860
Commission Payable	Shareholder's Subsidiary	465	139
General and administrative expenses	Shareholder's Subsidiary Shareholders Operations'	8	-
General and administrative expenses	Shareholder's Subsidiary Insurance Operations'	306	-
Bank balances	Shareholder	14,792	13,820

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9 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

9.3 Information relating to key management personnel:

	<i>Three months period ended 31 December 2017</i>	<i>Three months period ended 31 December 2016</i>	<i>Year ended 31 December 2017</i>	<i>Year ended 31 December 2016</i>
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>
	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>
Short-term benefits	795	1,368	5,057	6,013
Long-term benefits	629	149	1393	377

9.4 Board and sub-committee related expenses:

	<i>Three months period ended 31 December 2017</i>	<i>Three months period ended 31 December 2016</i>	<i>Year ended 31 December 2017</i>	<i>Year ended 31 December 2016</i>
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>
	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>
Board of directors' remuneration	845	255	1,610	1020
Board and sub-committees attendance fees	83	105	452	305

10 EARNINGS / (LOSS) PER SHARE FOR THE PERIOD / YEAR

Earnings / (Loss) per share for the period / year 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 profit / (loss) per share are as follows:

	<i>Three months period ended 31 December 2017</i>	<i>Three months period ended 31 December 2016</i>	<i>Year ended 31 December 2017</i>	<i>Year ended 31 December 2016</i>
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>
Net profit / (loss) for the period / year (SR "000")	6,233	1,924	(2,829)	(17,437)
Weighted average number of ordinary shares ("000")	30,000	30,000	30,000	30,000
Profit / loss per share for the period / year (restated) SR	0.208	0.064	(0.094)	(0.581)

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11 EMPLOYEES' END OF SERVICE BENEFITS

The following tables summarise the components of end of service benefits recognised in the interim statement of income, accumulated surplus/(deficit) and amounts recognised in the interim statement of comprehensive income and interim statement of financial position of insurance operations:

Principal actuarial assumption at 31 December 2017

Discount rate	4%
Salary increase rate	3%

Amount recognised in the statement of financial position

	<i>Year ended 31 December 2017 SR"000" Unaudited</i>
Present value of end of service benefits obligation	4,273
Fair value of end of service benefits	4,273
Net liability at end of the year	4,273

Benefit expense (recognised in profit or loss)

	<i>Year ended 31 December 2017 SR"000" Unaudited</i>
Current service cost	1,280
Commission rate cost	118
Benefit expense	233

Movement in the present value of end of service benefits

	<i>Year ended 31 December 2017 SR"000" Unaudited</i>
Present value of end of service benefits obligation at beginning of the year	2,783
Current service cost	1,280
Commission rate cost	118
Actuarial (Gain) / loss on end of service benefits	325
Benefits paid	(233)
Present value of end of service benefits obligation at end of the year	4,273

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11 EMPLOYEES' END OF SERVICE BENEFITS (Continued)

	<i>Year ended 31 December 2017 SR"000" Unaudited</i>
Movement in net liability recognised in balance sheet	
Net liability at beginning of the year	2,783
Charge recognised in profit or loss	1,398
Actuarial loss recognised in other comprehensive income	325
End of service benefits paid	(233)
Net liability at end of the year	<u>4,273</u>

12 CONTINGENCIES AND COMMITMENTS

As at 31 December 2017 the Company's banker has issued letters of guarantee of SR 1.18 million (2016: SR 1.09 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 31 December 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.

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.

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13 SEGMENT REPORTING (continued)

	For three months period 31 December 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
REVENUES								
Gross written premiums	2,489	6,530	2,336	2,887	12,634	10,495	2,190	39,561
Reinsurance premiums ceded	(2,085)	(5,838)	(1,080)	(2,622)	(31)	(2,632)	-	(14,288)
Excess of loss expenses	(310)	(372)	(402)	(115)	(1,281)	-	-	(2,480)
Net written premiums	94	320	854	150	11,322	7,863	2,190	22,793
Net change in unearned premiums	331	(151)	151	65	17,517	(2,448)	(254)	15,211
Net earned premiums	425	169	1,005	215	28,839	5,415	1,936	38,004
Reinsurance commission earned and other income	2,648	1,366	1,004	632	43	-	-	5,693
Total insurance revenues	3,073	1,535	2,009	847	28,882	5,415	1,936	43,697
CLAIMS AND EXPENSES								
Net claims incurred	322	1,334	(6)	81	(17,005)	(938)	(2,976)	(19,188)
Policy acquisition costs	(1,437)	(555)	(510)	(245)	(3,082)	(331)	(183)	(6,343)
Inspection and supervision fees	(300)	(221)	(53)	(37)	483	(52)	(33)	(213)
Changes in unit linked reserves	-	-	-	-	-	(1,932)	-	(1,932)
Changes in mathematical reserves	-	-	-	-	-	(100)	-	(100)
Surrenders	-	-	-	-	-	52	(133)	(81)
Other Underwriting income	-	-	-	-	2,929	-	-	2,929
Net underwriting results	1,658	2,093	1,440	646	12,207	2,114	(1,389)	18,769
Investment income								129
General and administrative expenses								(14,915)
Reversal of allowance for doubtful receivables								3,005
Net surplus from insurance operations								6,988

	For the three months period ended 31 December 2016 (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
REVENUES								
Gross written premiums	4,539	12,458	2,304	2,103	14,409	6,157		41,970
Reinsurance premiums ceded	(4,357)	(11,988)	(1,811)	(1,843)	(686)	(3,138)		(23,823)
Excess of loss expenses	(135)	(336)	(149)	(36)	(5,071)			(5,727)
Net written premiums	47	134	344	224	8,652	3,019	-	12,420
Net change in unearned premiums	108	91	233	(124)	15,319	197	1,782	17,606
Net earned premiums	155	225	577	100	23,971	3,216	1,782	30,026
Reinsurance commission earned and other income	2,193	1,656	1,240	530	(52)			5,567
Total insurance revenues	2,348	1,881	1,817	630	23,919	3,216	1,782	35,593
CLAIMS AND EXPENSES								
Net claims incurred	915	(663)	634	212	(23,429)	(942)	(1,506)	(24,779)
Changes in unit linked reserves	(1,140)	(260)	(345)	(206)	(3,481)	(137)	(75)	(5,644)
Policy acquisition costs	(207)	(144)	(44)	(12)	(248)	(39)		(694)
Inspection and supervision fees						(742)		(742)
Surrenders						(45)		(45)
Other Underwriting income					3,313			3,313
Net underwriting results	1,916	814	2,062	624	74	1,311	201	7,002
Investment income								483
General and administrative expenses								(8,886)
Charge for allowance for doubtful receivables								(786)
Net deficit from insurance operations								(2,187)

ALINMA TOKIO MARINE COMPANY
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the three months and Year ended 31 December 2017

13 SEGMENT REPORTING (continued)

For the year ended 31 December 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
REVENUES							
Gross written premiums	66,528	48,458	19,132	8,759	115,047	30,848	296,723
Reinsurance premiums ceded	(63,545)	(45,642)	(13,111)	(7,761)	(485)	(12,167)	(142,711)
Excess of loss expenses	(762)	(1,161)	(1,340)	(379)	(3,379)	-	(7,021)
Net written premiums	2,221	1,655	4,681	619	111,183	18,681	146,991
Net change in unearned premiums	(501)	(221)	(839)	(233)	(3,660)	(2,465)	(11,031)
Net earned premiums	1,720	1,434	3,842	386	107,523	16,216	135,960
Reinsurance commission earned and other income	10,872	8,475	3,668	1,671	193	-	24,879
Total insurance revenues	12,592	9,909	7,510	2,057	107,716	16,216	160,839
CLAIMS AND EXPENSES							
Net claims incurred	(653)	(990)	36	142	(65,381)	(3,287)	(75,361)
Policy acquisition costs	(5,367)	(2,585)	(1,788)	(742)	(11,968)	(943)	(23,625)
Inspection and supervision fees	(322)	(235)	(93)	(42)	(558)	(154)	(1,523)
Changes in unit linked reserves	-	-	-	-	-	(4,929)	(4,929)
Changes in mathematical reserves	-	-	-	-	-	(100)	(100)
Surrenders	-	-	-	-	-	(133)	(133)
Other underwriting income	-	-	-	-	-	3,884	3,884
Net underwriting results	6,250	6,099	5,665	1,415	29,809	6,803	59,052
Investment Income							411
General and administrative expenses							(50,653)
Charge for allowance for doubtful receivables							(11,856)
Net deficit from insurance operations							(3,046)

For the year ended 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
REVENUES							
Gross written premiums	53,677	38,481	17,421	5,513	172,893	26,758	321,888
Reinsurance premiums ceded	(52,682)	(36,746)	(13,764)	(4,930)	(64,407)	(14,656)	(187,185)
Excess of loss expenses	(169)	(918)	(496)	(120)	(6,374)	-	(8,077)
Net written premiums	826	817	3,161	463	102,112	12,102	126,626
Net change in unearned premiums	(177)	560	471	(153)	(9,891)	227	(11,312)
Net earned premiums	649	1,377	3,632	310	92,221	12,329	115,314
Reinsurance commission earned and other income	9,343	8,055	3,487	1,428	533	-	22,846
Total insurance revenues	9,992	9,432	7,119	1,738	92,754	12,329	138,160
CLAIMS AND EXPENSES							
Net claims incurred	(221)	(3,154)	999	(342)	(80,231)	(3,718)	(90,360)
Policy acquisition costs	(3,938)	(1,872)	(1,197)	(585)	(11,764)	(517)	(20,074)
Inspection and supervision fees	(258)	(184)	(80)	(22)	(864)	(142)	(1,657)
Change in unit link reserve	-	-	-	-	-	(1,964)	(1,964)
Surrenders	-	-	-	-	-	(160)	(160)
Other underwriting income	-	-	-	-	3,914	-	3,914
Net underwriting results	5,575	4,222	6,841	789	3,809	5,828	27,859
Investment income							161
General and administrative expenses							(45,939)
Charge for allowance for doubtful receivables							(3,404)
Net deficit from insurance operations							(21,323)

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the three months and Year ended 31 December 2017

13 SEGMENT REPORTING (continued)

	As at 31 December 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
ASSETS								
Reinsurers' share of outstanding claims	91,980	34,089	6,453	3,628	457	7,997	-	144,604
Reinsurers' share of unearned premiums	14,444	10,260	3,063	3,355	32	48	-	31,202
Deferred policy acquisition costs	1,763	802	722	459	3,152	253	378	7,529
Unit linked investments	-	-	-	-	-	8,400	-	8,400
Unallocated assets								207,674
Total assets								399,409
LIABILITIES								
Gross outstanding claims	93,478	35,711	7,591	3,853	20,428	10,534	7,773	179,368
Gross unearned premiums	15,395	11,113	5,467	3,988	33,237	2,545	5,462	77,207
Unearned insurance commission	3,181	1,820	853	801	6	-	-	6,661
Unit linked liabilities	-	-	-	-	-	8,400	-	8,400
Mathematical reserves	-	-	-	-	-	100	-	100
Unallocated liabilities								127,673
Total liabilities								399,409

	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	4,650	22,336	11,657	-	137,378
Reinsurers' share of unearned premiums	12,078	11,095	2,944	4,527	9,734	51	-	40,429
Deferred policy acquisition costs	1,268	710	419	334	2,602	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	5,039	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	1,069	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 Company has accounted for this change retrospectively, which has resulted in an increase in the total shareholders' comprehensive income by SR 3.83 million for the quarter and year ended 31 December 2016 (refer note 11 for restated EPS). The above change has made no impact on any of the components of the shareholders' equity of prior periods presented earlier.

15 APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

These interim condensed financial statements have been approved by the Board of Directors on 7 February, 2018G corresponding to 21 Jumada I, 1439H.