

ALINMA TOKIO MARINE COMPANY
(A Saudi Joint Stock Company)

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

FOR THE THREE-MONTH AND YEAR ENDED 31 DECEMBER 2014

ALINMA TOKIO MARINE COMPANY
(A SAUDI JOINT STOCK COMPANY)

**UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS AND INDEPENDENT
AUDITORS' REVIEW REPORT
FOR THE THREE-MONTH AND YEAR ENDED 31 DECEMBER 2014**

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KPMG Al Fozan & Al Sadhan



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

SCOPE OF REVIEW

We have reviewed the accompanying interim statement of financial position of Alinma Tokio Marine Company (A Saudi Joint Stock Company) (the "Company") as at 31 December 2014, the related interim statements of insurance operations, shareholders' operations and shareholders' comprehensive income for the three month period and year then ended, the related interim statements of changes in shareholders' equity, insurance operations' cash flows and shareholders' cash flows for the year then ended and the related notes which form an integral part of these interim condensed financial statements. These interim condensed financial statements are the responsibility of the Company's management and have been prepared by them in accordance with International Accounting Standard - 34 "Interim Financial Reporting" (IAS 34) and submitted to us together with all the information and explanations which we required. We conducted our review in accordance with the Standard on Review of Interim Financial Reporting issued by the Saudi Organization for Certified Public Accountants ("SOCPA"). A review consists principally of applying analytical procedures to financial data and information and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the Kingdom of Saudi Arabia, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

CONCLUSION

Based on our limited review, we are not aware of any material modifications that should be made to the accompanying interim condensed financial statements for them to be in conformity with IAS 34.

EMPHASIS OF MATTER

We draw attention to the following:

1. These interim condensed financial statements are prepared in accordance with IAS 34 and not in accordance with the standard on Interim Financial Reporting issued by SOCPA; and
2. We draw attention to note 2 to the interim condensed financial statements which sets out the fact that the Board of Directors of the Company has decided to recommend to the shareholders of the Company, not to pursue the transfer of insurance portfolios which were disclosed in the prospectus issued for initial public offering by the Company. The Company is in the process of seeking necessary approvals from shareholders, Saudi Arabia Monetary Agency and other regulatory authorities in the Kingdom of Saudi Arabia to complete legal formalities.

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27 Rabi'I 1436H
18 January 2015

ALINMA TOKIO MARINE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014

	<i>Notes</i>	<i>31 December 2014 (Unaudited) SR' 000</i>	<i>31 December 2013 (Audited) SR'000</i>
INSURANCE OPERATIONS' ASSETS			
Cash and cash equivalents	4	19,697	8,924
Premiums and reinsurance receivables, net	5	28,505	16,750
Reinsurers' share of outstanding claims	7	17,584	11,958
Reinsurers' share of unearned premiums		15,507	8,826
Deferred policy acquisition costs		1,113	1,218
Due from shareholders' operations		-	9,223
Prepayments and other assets		1,344	3,374
Furniture, fittings and office equipment		5,917	4,449
TOTAL INSURANCE OPERATIONS' ASSETS		89,667	64,722
SHAREHOLDERS' ASSETS			
Cash and cash equivalents	4	37,147	51,431
Murabaha deposits		-	15,410
Investments	6	34,210	45,383
Due from a related party	9	55	117
Due from insurance operations		502	-
Prepayments and other assets		12	-
Statutory deposit		20,000	20,000
TOTAL SHAREHOLDERS' ASSETS		91,926	132,341
TOTAL ASSETS		181,593	197,063


Director


Chief Financial Officer


Chief Executive Officer

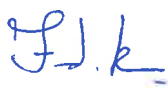
The accompanying notes 1 to 13 form an integral part of these interim condensed financial statements.

ALINMA TOKIO MARINE COMPANY
(A SAUDI JOINT STOCK COMPANY)

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

	<i>Notes</i>	<i>31 December 2014 (Unaudited) SR' 000</i>	<i>31 December 2013 (Audited) SR'000</i>
INSURANCE OPERATIONS' LIABILITIES			
Gross outstanding claims	7	36,089	19,138
Reinsurance balances payable		10,433	12,253
Gross unearned premiums		24,281	18,066
Unearned reinsurance commission		3,406	1,665
Due to shareholders' operations		502	-
Accrued expenses and other liabilities		13,386	11,985
Employees' end-of-service benefits		1,570	1,615
TOTAL INSURANCE OPERATIONS' LIABILITIES		89,667	64,722
SHAREHOLDERS' LIABILITIES AND EQUITY			
SHAREHOLDERS' LIABILITIES			
Accrued expenses and other liabilities		2,016	2,534
Due to insurance operations		-	9,223
Zakat and income tax	8	2,697	1,809
Total shareholders' liabilities		4,713	13,566
SHAREHOLDERS' EQUITY			
Share capital		200,000	200,000
Accumulated losses		(112,787)	(81,225)
Total shareholders' equity		87,213	118,775
TOTAL SHAREHOLDERS' LIABILITIES AND EQUITY		91,926	132,341
TOTAL INSURANCE OPERATIONS' LIABILITIES, SHAREHOLDERS, LIABILITIES AND EQUITY		181,593	197,063


Director


Chief Financial Officer


Chief Executive Officer

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

ALINMA TOKIO MARINE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM STATEMENT OF INSURANCE OPERATIONS
For the three-month and year ended 31 December 2014

	<i>Three-month period ended 31 December 2014 (Unaudited) SR '000</i>	<i>Three-month period ended 31 December 2013 (Unaudited) SR '000</i>	<i>Year ended 31 December 2014 (Unaudited) SR '000</i>	<i>Year ended 31 December 2013 (Audited) SR '000</i>
REVENUES				
Gross written premiums	17,037	17,885	92,585	50,916
Reinsurance premiums ceded	(11,029)	(10,122)	(55,893)	(28,197)
Excess of loss premiums	(817)	(1,488)	(4,144)	(4,824)
Net written premiums	<u>5,191</u>	<u>6,275</u>	<u>32,548</u>	<u>17,895</u>
Changes in gross unearned premiums	5,888	(2,263)	(6,215)	(17,747)
Changes in reinsurance share of unearned premiums	(2,487)	1,305	6,681	8,545
Net change in unearned premiums	3,401	(958)	466	(9,202)
Net earned premiums	<u>8,592</u>	<u>5,317</u>	<u>33,014</u>	<u>8,693</u>
Reinsurance commission earned and other income	2,360	1,148	8,156	2,657
Total insurance revenues	<u>10,952</u>	<u>6,465</u>	<u>41,170</u>	<u>11,350</u>
CLAIMS AND EXPENSES				
Gross claims paid	7 (18,922)	(4,892)	(44,878)	(56,132)
Reinsurers' share of gross claims paid	7 12,091	3,060	23,069	50,843
Net claims paid	7 (6,831)	(1,832)	(21,809)	(5,289)
Changes in gross outstanding claims	12,846	(6,752)	(16,951)	(17,248)
Changes in reinsurers' share of outstanding claims	(16,106)	3,971	5,626	11,958
Net outstanding claims	<u>(3,260)</u>	<u>(2,781)</u>	<u>(11,325)</u>	<u>(5,290)</u>
Net claims incurred	7 (10,091)	(4,613)	(33,134)	(10,579)
Policy acquisition costs	(770)	(419)	(2,843)	(691)
Inspection and supervision fees	(56)	(84)	(340)	(241)
General and administrative expenses	(11,069)	(9,996)	(32,429)	(32,015)
Total claims and expenses	<u>(21,986)</u>	<u>(15,112)</u>	<u>(68,746)</u>	<u>(43,526)</u>
Net deficit for the period / year from insurance operations	<u>(11,034)</u>	<u>(8,647)</u>	<u>(27,576)</u>	<u>(32,176)</u>
Appropriation of net deficit transferred to the shareholders' operations	3 11,034	8,647	27,576	32,176
Net result for the period / year from insurance operations	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Director

Chief Financial Officer

Chief Executive Officer

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


ALINMA TOKIO MARINE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM STATEMENT OF SHAREHOLDERS' OPERATIONS

For the three-month and year ended 31 December 2014

	<i>Three-month period ended 31 December 2014</i>	<i>Three-month period ended 31 December 2013</i>	<i>Year ended 31 December 2014</i>	<i>Year ended 31 December 2013</i>
<i>Notes</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>
INCOME				
Investments and other income	241	368	1,145	1,836
EXPENSES				
Net deficit transferred from insurance operations	3 (11,034)	(8,647)	(27,576)	(32,176)
General and administrative expenses	(785)	(644)	(2,951)	(2,521)
Total expenses	(11,819)	(9,291)	(30,527)	(34,697)
Net loss for the period / year	(11,578)	(8,923)	(29,382)	(32,861)
Loss per share (SR)	10 (0.579)	(0.446)	(1.469)	(1.643)


Director


Chief Financial Officer


Chief Executive Officer

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ALINMA TOKIO MARINE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM STATEMENT OF SHAREHOLDERS' COMPREHENSIVE INCOME

For the three-month and year ended 31 December 2014

	<i>Three-month period ended 31 December 2014</i>	<i>Three-month period ended 31 December 2013</i>	<i>Year ended 31 December 2014</i>	<i>Year ended 31 December 2013</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 loss for the period / year	(11,578)	(8,923)	(29,382)	(32,861)
Other comprehensive expense				
<i>Items that may not be reclassified to statement of shareholders' operations in subsequent periods :</i>				
Zakat for the period / year	8 (1,680)	-	(2,180)	(342)
Total comprehensive loss for the period / year	(13,258)	(8,923)	(31,562)	(33,203)


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 the year ended 31 December 2014

	Share capital	Accumulated losses	Total
	<u>SR '000</u>	<u>SR '000</u>	<u>SR '000</u>
2014			
Balance as at 1 January 2014 (audited)	200,000	(81,225)	118,775
Total comprehensive loss for the year			
Net loss for the year	-	(29,382)	(29,382)
Zakat for the year	-	(2,180)	(2,180)
Balance as at 31 December 2014 (unaudited)	<u>200,000</u>	<u>(112,787)</u>	<u>87,213</u>
2013			
Balance as at 1 January 2013 (audited)	200,000	(48,022)	151,978
Total comprehensive loss for the year			
Net loss for the year	-	(32,861)	(32,861)
Zakat for the year	-	(342)	(342)
Balance as at 31 December 2013 (audited)	<u>200,000</u>	<u>(81,225)</u>	<u>118,775</u>


Director


Chief Financial Officer


Chief Executive Officer

The accompanying notes 1 to 13 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 the year ended 31 December 2014

	<i>31 December</i> <i>2014</i>	<i>31 December</i> <i>2013</i>
<i>Note</i>	<i>(Unaudited)</i>	<i>(Audited)</i>
	<i>SR '000</i>	<i>SR '000</i>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net result for the year from insurance operations	-	-
Adjustments for:		
Depreciation	444	1,610
Loss on disposal of fixed assets	-	2
Employees' end of service benefits, net	(45)	684
Income before changes in operating assets and liabilities	<u>399</u>	<u>2,296</u>
<i>Changes in operating assets and liabilities:</i>		
Reinsurers' share of unearned premiums	(6,681)	(8,545)
Gross unearned premiums	6,215	17,747
Premiums and reinsurance receivables, net	(11,755)	(16,510)
Reinsurers' share of outstanding claims	(5,626)	(11,950)
Deferred policy acquisition costs	105	(1,218)
Prepayments and other assets	2,030	(3,107)
Gross outstanding claims	16,951	17,240
Due to/(from) shareholders' operations	9,725	(7,345)
Reinsurance balances payable	(1,820)	12,049
Unearned reinsurance commission	1,741	1,590
Accrued expenses and other liabilities	1,401	7,928
Net cash generated from operating activities	<u>12,685</u>	<u>10,175</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of furniture, fittings and office equipment	(1,912)	(1,348)
Proceeds from disposal of furniture, fittings and office equipment	-	1
Net cash used in investing activities	<u>(1,912)</u>	<u>(1,347)</u>
Net change in cash and cash equivalents	10,773	8,828
Cash and cash equivalents at the beginning of the year	<u>8,924</u>	<u>96</u>
Cash and cash equivalents at the end of the year	<u>4</u> <u>19,697</u>	<u>8,924</u>


Director



Chief Financial Officer


Chief Executive Officer


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


ALINMA TOKIO MARINE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM STATEMENT OF SHAREHOLDERS' CASH FLOWS
For the year ended 31 December 2014

	<i>Notes</i>	<i>31 December 2014 (Unaudited) SR '000</i>	<i>31 December 2013 (Audited) SR '000</i>
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss for the year		(29,382)	(32,861)
Adjustment for:			
Realized gain on trading investments		(389)	(847)
Unrealized gain on trading investments		(341)	(88)
Accrued income on Murabaha deposits		-	-
Loss before changes in operating assets and liabilities		<u>(30,112)</u>	<u>(33,796)</u>
<i>Changes in operating assets and liabilities:</i>			
Prepayments and other assets		(12)	29
Due from / (to) related parties		62	(19,704)
Due to / (from) insurance operations		(9,725)	7,345
Accrued expenses and other liabilities		(518)	1,264
Zakat paid		(1,292)	(424)
Net cash used in operating activities		<u>(41,597)</u>	<u>(45,286)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investments	6	(165,097)	(167,987)
Maturity of Murabaha deposits		15,410	(410)
Proceeds from sale of investments	6	177,000	250,065
Net cash generated from investing activities		<u>27,313</u>	<u>81,668</u>
Net change in cash and cash equivalents		(14,284)	36,382
Cash and cash equivalents at the beginning of the year		<u>51,431</u>	<u>15,049</u>
Cash and cash equivalents at the end of the year	4	<u>37,147</u>	<u>51,431</u>


Director


Chief Financial Officer


Chief Executive Officer

The accompanying notes 1 to 13 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 year ended 31 December 2014

1. REPORTING ENTITY AND OPERATIONS

Alinma Tokio Marine Company (the "Company") is a Saudi Joint Stock Company incorporated in the Kingdom of Saudi Arabia as per the Ministry of Commerce and Industry's Resolution number 309/Q dated 19 Rajab 1433H (corresponding to 9 June 2012). The commercial registration number of the Company is 1010342527 dated 28 Rajab 1433H (corresponding to 18 June 2012). The registered office address of the Company is:

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 2009), pursuant to the Council of Ministers' Resolution No. 140 dated 2 Jumada-Al Thani 1430H (corresponding to 26 June 2009).

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. INSURANCE PORTFOLIOS AND ASSET TRANSFER AGREEMENTS

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

ALINMA TOKIO MARINE COMPANY
(A SAUDI JOINT STOCK COMPANY)

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

For the year ended 31 December 2014

3. BASIS OF PREPARATION

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

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

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

The preparation of interim condensed financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities, if any, at the date of the interim condensed financial statements and the reported amounts of revenues and expenses during the interim reported period. Although these estimates and judgments are based on management’s best knowledge of current events and actions, actual results ultimately may differ from those estimates. In the opinion of management, the interim condensed financial statements reflect all adjustments (which include normal recurring adjustments) necessary to present fairly the results of operations for the interim periods presented.

These interim condensed financial statements for the year ended 31 December 2014 do not include all the information and disclosures required for a complete set of financial statements prepared in accordance with the International Financial Reporting Standards and accordingly these interim condensed financial statements should be read in conjunction with the annual financial statements as at and for the period ended 31 December 2013. Certain comparative amounts have been rearranged / reclassified to conform to the current period’s presentation.

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

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

ALINMA TOKIO MARINE COMPANY
(A SAUDI JOINT STOCK COMPANY)

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

For the year ended 31 December 2014

3. BASIS OF PREPARATION (continued)

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

- IAS 32 amendment applicable from 1 January 2014 clarifies that a) an entity currently has a legally enforceable right to off-set if that right is not contingent on a future event and enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties; and b) gross settlement is equivalent to net settlement if and only if the gross settlement mechanism has features that eliminate or result in insignificant credit and liquidity risk and processes receivables and payables in a single settlement process or cycle; and
- IAS 36 amendment applicable retrospectively from 1 January 2014, addresses the disclosure of information about the recoverable amount of impaired assets. Under the amendments, recoverable amounts of every cash generating unit to which goodwill or indefinite – lived intangible assets have been allocated is required to be disclosed only when an impairment loss has been recognized or reversed;

Standard issued but not yet effective

- IFRS 9 Financial Instruments is applicable from January 1, 2018 which provides guidance on the classification and measurement of financial assets and financial liabilities, requirements for derecognition of financial instruments etc. The Company's management is currently assessing the implications of IFRS 9 and the timing of its adoption.

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

ALINMA TOKIO MARINE COMPANY
(A SAUDI JOINT STOCK COMPANY)

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

For the year ended 31 December 2014

4. CASH AND CASH EQUIVALENTS

	<i>31 December 2014 (Unaudited)</i>		<i>31 December 2013 (Audited)</i>	
	<i>Insurance</i>	<i>Shareholders'</i>	<i>Insurance</i>	<i>Shareholders'</i>
	<i>Operations</i>	<i>Operations</i>	<i>Operations</i>	<i>Operations</i>
	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>
Cash in hand	40	-	42	-
Cash at banks – current accounts	19,657	37,147	8,882	1,431
Short-term Murabaha deposits	-	-	-	50,000
	<u>19,697</u>	<u>37,147</u>	<u>8,924</u>	<u>51,431</u>

Cash at banks include an amount of SR 56.79 million (2013: SR 10.30 million) held with Alinma Bank, a related party.

5. PREMIUMS AND REINSURANCE RECEIVABLES, NET

	<i>31 December 2014 (Unaudited)</i>	<i>31 December 2013 (Audited)</i>
	<i>SR '000</i>	<i>SR '000</i>
Premiums receivable – other customers	18,232	11,598
Premiums receivable – related party (note 9)	1,538	1,837
Reinsurance receivables	11,226	4,487
	<u>30,996</u>	<u>17,922</u>
Less: Provision for doubtful receivables	<u>(2,491)</u>	<u>(1,172)</u>
	<u>28,505</u>	<u>16,750</u>

ALINMA TOKIO MARINE COMPANY
(A SAUDI JOINT STOCK COMPANY)

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

For the year ended 31 December 2014

6. INVESTMENTS

(i) *Shareholders' Operations*

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

	<i>31 December 2014 (Unaudited) SR'000</i>	<i>31 December 2013 (Audited) SR'000</i>
Available-for-sale investment	1,923	1,923
Trading investments	32,287	43,460
	<u>34,210</u>	<u>45,383</u>

The movement during the year is as follows:

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

	<i>31 December 2014 (Unaudited) SR'000</i>	<i>31 December 2013 (Audited) SR'000</i>
<i>Trading investments</i>		
Balance at the beginning of the year	43,460	124,103
Purchased during the year	165,097	167,987
Sold during the year	(177,000)	(249,565)
Realised gain during the year, net	389	847
Unrealised gain during the year	341	88
Balance at the end of the year	<u>32,287</u>	<u>43,460</u>

ALINMA TOKIO MARINE COMPANY
(A SAUDI JOINT STOCK COMPANY)

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

For the year ended 31 December 2014

6. INVESTMENTS (continued)

(ii) DETERMINATION OF FAIR VALUE AND FAIR VALUE HIERARCHY

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

The fair value measurement is based on the presumption that the transaction takes place either:

- In the accessible principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous accessible market for the asset or liability.

Consequently, differences can arise between the carrying values and fair value estimates. The Company's financial assets consist of cash and cash equivalents, receivables, reinsurers' share of unearned premium and outstanding claims, other assets, investments, statutory deposits and accrued income and its financial liabilities consist of outstanding claims, reinsurance balance payable and accrued expenses and other liabilities.

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

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

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

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

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

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

As at 31 December 2014 (Unaudited)	<i>SR'000</i>			Total
	Level 1	Level 2	Level 3	
Trading investments				
- Investment in equity shares.	99	-	-	99
- Investment in commodity fund.	-	32,188	-	32,188
Total	99	32,188	-	32,287

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6. INVESTMENTS (continued)

As at 31 December 2013 (Audited)	SR'000			Total
	Level 1	Level 2	Level 3	
Trading investments				
- Investment in commodity fund	-	43,460	-	43,460
Total	-	43,460	-	43,460

The unlisted available for sale security amounting to SR 1.923 million is stated at cost in the absence of active markets or other means of reliably measuring their fair value.

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

7. CLAIMS

	<i>Gross</i> <i>SR'000</i>	<i>Reinsurance</i> <i>share</i> <i>SR'000</i>	<i>Net</i> <i>SR'000</i>
As at 31 December 2014 (Unaudited)			
Claims reported	15,730	(7,807)	7,923
IBNR and other reserves	20,359	(9,777)	10,582
	<u>36,089</u>	<u>(17,584)</u>	<u>18,505</u>
Claims paid during the year ended 31 December 2014	44,878	(23,069)	21,809
As at 31 December 2013 (Audited)			
Claims reported	9,592	(8,298)	1,294
IBNR and other reserves	9,546	(3,660)	5,886
	<u>19,138</u>	<u>(11,958)</u>	<u>7,180</u>
Claims incurred during the year ended 31 December 2014	61,829	(28,695)	33,134

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7. CLAIMS (continued)

	<i>Gross</i>	<i>Reinsurance</i>	<i>Net</i>
	<i>SR'000</i>	<i>share</i>	<i>SR'000</i>
As at 31 December 2013 (Audited)			
Claims reported	9,592	(8,298)	1,294
IBNR and other reserves	9,546	(3,660)	5,886
	<u>19,138</u>	<u>(11,958)</u>	<u>7,180</u>
Claims paid during the year ended 31 December 2013	56,132	(50,843)	5,289
As at 31 December 2012 (Audited)			
Claims reported	--	--	--
IBNR and other reserves	1,898	(8)	1,890
	<u>1,898</u>	<u>(8)</u>	<u>1,890</u>
Claims incurred during the year ended 31 December 2013	73,372	(62,793)	10,579

During the year ended 31 December 2014, the Company has maintained a provision in respect of premium deficiency, amounting to SR 2.91 million (2013: SR 2.15 million) for Motor, Marine and General Accident line of businesses. The Company created this provision based on the assumption that the unearned premiums for these business lines will not be sufficient to provide for the expected claims and other attributable expenses related to the unexpired periods of the policies in force at the statement of financial position date.

8. ZAKAT AND INCOME TAX

The provision for zakat payable by the Company for the year ended 31 December 2014 has been calculated based on the best estimate of management.

Zakat

The movement during the year is as follows:

	<i>31 December</i>	<i>31 December</i>
	<i>2014</i>	<i>2013</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
	<i>SR'000</i>	<i>SR'000</i>
Balance at the beginning of the year	1,809	1,891
Provided during the year	2,180	342
Paid during the year	(1,292)	(424)
Balance at the end of the year	<u>2,697</u>	<u>1,809</u>

The Company has filed its first Zakat return with the Department of Zakat and Income Tax ("DZIT") for the period from 9 June 2012 to 31 December 2013 and has obtained a limited certificate, however a final assessment has not been made by the DZIT.

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8. ZAKAT AND INCOME TAX (continued)

Income tax

The Company has incurred a net loss during the year ended 31 December 2014 and in prior periods, therefore, no income tax is due or charged to the unaudited interim statement of shareholders' comprehensive income.

9. RELATED PARTY TRANSACTIONS AND BALANCES

9.1(a) Following are the details of major related party transactions during the period / year:

<u>Nature of transaction</u>	<u>Related party</u>	<i>Three-month period ended 31 December 2014</i>	<i>Three-month period ended 31 December 2013</i>	<i>Year ended 31 December 2014</i>	<i>Year ended 31 December 2013</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>
		<u>Amount of transactions</u>			
Insurance premiums	Shareholder	<u>4,869</u>	<u>5,016</u>	<u>20,813</u>	<u>13,570</u>
Reinsurance premiums	Shareholder	<u>349</u>	<u>2,664</u>	<u>2,098</u>	<u>6,906</u>
Claims paid	Shareholder	<u>7,589</u>	<u>3,176</u>	<u>15,882</u>	<u>3,599</u>
Reinsurance Commission	Shareholder	<u>88</u>	<u>246</u>	<u>298</u>	<u>727</u>
General and administrative expenses	Shareholders	<u>-</u>	<u>47</u>	<u>-</u>	<u>412</u>
Murabaha deposits	Associate	<u>45</u>	<u>36</u>	<u>248</u>	<u>4,067</u>
	Shareholder	<u>-</u>	<u>-</u>	<u>245,000</u>	<u>50,000</u>

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9. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

9.1(b) Following are the details of major related party balances at the end of the period / year:

Nature of Transaction	Related party	31 December 2014	31 December 2013
		(Unaudited)	(Audited)
		SR'000	SR'000
Premiums receivable	Shareholder	1,538	1,837
Reinsurance balances (payable)/ receivable	Shareholder	1,970	4,662
Due from a related party	Associate	55	117
Murabaha Deposits	Shareholder	-	50,000

9.2 Information relating to key management personnel

	Three-month period ended 31 December 2014	Three-month period ended 31 December 2013	Year ended 31 December 2014	Year ended 31 December 2013
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
SR'000				
Short-term benefits	1,069	1,495	4,684	5,202
Long-term benefits	41	64	187	228

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

9.3 Board and sub-committee related expenses:

	Three-month period ended 31 December 2014	Three-month period ended 31 December 2013	Year ended 31 December 2014	Year ended 31 December 2013
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
SR'000				
Board of Directors' remuneration	255	255	1,020	1,020
Board and sub-committees attendance fee	105	100	485	231

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

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10. LOSS PER SHARE

Loss per share for the period / year has been calculated by dividing the net loss for the period / year by the weighted average number of ordinary shares issued and outstanding at the end of the period / year (20 million shares). Diluted loss per share is not applicable for the Company for the period / year ended 31 December 2014.

11. CONTINGENT LIABILITIES AND COMMITMENTS

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

12. SEGMENT REPORTING

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

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

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

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

Segment results do not include general and administrative expenses.

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

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