
SABB TAKAFUL COMPANY
(A SAUDI JOINT STOCK COMPANY)

**UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE NINE MONTHS
ENDED 30 SEPTEMBER 2012**

INDEPENDENT AUDITORS' REVIEW REPORT OF INTERIM CONDENSED FINANCIAL STATEMENTS

**TO THE SHAREHOLDERS OF SABB TAKAFUL COMPANY
(A SAUDI JOINT STOCK COMPANY)**

SCOPE OF REVIEW:

We have reviewed the accompanying interim statement of financial position of SABB Takaful Company (A Saudi Joint Stock Company) ("the Company") as at 30 September 2012, and the related interim statements of takaful operations, shareholders' operations, shareholders' comprehensive operations for the three-month and nine-month periods ended 30 September 2012, and statements of changes in shareholders' equity and takaful operations and shareholders' cash flows for the nine-month period then ended and the attached notes which form 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 Generally Accepted Auditing Standards in 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 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 A MATTER

We draw attention to the fact that 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.

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29 Dhul-Qadah 1433H
15 October 2012



SABB Takaful Company (A Saudi Joint Stock Company)

INTERIM STATEMENT OF FINANCIAL POSITION

At 30 September 2012

		30 September 2012 (Unaudited) SAR'000	31 December 2011 (Audited) SAR'000
	Notes		
<u>TAKAFUL OPERATIONS' ASSETS</u>			
Available-for-sale investments	3	530,702	542,646
Contributions receivable, net	4	12,513	7,519
Retakaful share of outstanding claims	6	39,292	40,326
Retakaful share of unearned contributions	7 (b)	9,072	12,114
Deferred policy acquisition costs		1,917	2,185
Prepayments and other receivables		1,696	432
Cash and cash equivalents	5	55,270	45,240
TOTAL TAKAFUL OPERATIONS' ASSETS		650,462	650,462
<u>SHAREHOLDERS' ASSETS</u>			
Intangible assets		1,176	995
Motor vehicles		20	117
Held to maturity investments	3	179,513	60,000
Available for sale investments	3	-	50,406
Prepayments and other receivables		1,723	1,453
Statutory deposit		34,000	34,000
Due from takaful operations		23,773	12,272
Cash and cash equivalents	5	98,422	174,927
TOTAL SHAREHOLDERS' ASSETS		338,627	334,170
TOTAL ASSETS		989,089	984,632

Mohammed Al Doyais
Chief Financial Officer

Adrian Flowers
Chief Executive Officer

Fouad Bahrawi
Chairman

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

SABB Takaful Company (A Saudi Joint Stock Company)

INTERIM STATEMENT OF FINANCIAL POSITION (continued)

At 30 September 2012

	Notes	30 September 2012 (Unaudited) SAR'000	31 December 2011 (Audited) SAR'000
<u>TAKAFUL OPERATIONS' LIABILITIES</u>			
Reserve for takaful activities	7 (a)	524,787	534,976
Surplus distribution payable		1,534	79
Unearned contributions	7 (b)	18,680	21,721
Gross outstanding claims	6	55,112	57,587
Unearned commission income		2,531	2,255
Retakaful balances payable, net		4,829	8,185
Payables, accruals and others		18,166	11,932
Due to shareholders		23,773	12,272
TOTAL TAKAFUL OPERATIONS' LIABILITIES		649,412	649,007
TAKAFUL OPERATIONS' SURPLUS		1,050	1,455
TOTAL TAKAFUL OPERATIONS' LIABILITIES AND SURPLUS		650,462	650,462
<u>SHAREHOLDERS' EQUITY AND LIABILITIES</u>			
SHAREHOLDERS' EQUITY			
Issued share capital		340,000	340,000
Legal reserve		2,043	2,043
Change in fair value of available for sale investments		-	406
Accumulated losses		(10,266)	(16,246)
TOTAL SHAREHOLDERS' EQUITY		331,777	326,203
SHAREHOLDERS' LIABILITIES			
Payables, accruals and others		2,891	3,234
Provision for zakat and tax		3,959	4,733
		6,850	7,967
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		338,627	334,170
TOTAL TAKAFUL OPERATIONS' LIABILITIES AND SURPLUS, SHAREHOLDERS' EQUITY AND LIABILITIES		989,089	984,632

Mohammed Al Dowais
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Chairman

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SABB Takaful Company (A Saudi Joint Stock Company)

INTERIM STATEMENT OF TAKAFUL OPERATIONS (UNAUDITED)

For the three and nine months period ended 30 September 2012

	<i>Three months ended 30 September 2012 SR'000</i>	<i>Three months ended 30 September 2011 SR'000</i>	<i>Nine months ended 30 September 2012 SR'000</i>	<i>Nine months ended 30 September 2011 SR'000</i>
Gross contributions written				
- Family Takaful	40,407	44,660	134,294	173,788
- General Takaful	10,502	10,570	25,941	25,569
Family Takaful - Planholder charges	4,731	5,745	15,457	18,305
Gross contributions written and Planholder charges	55,640	60,975	175,692	217,662
Retakaful contribution ceded	(10,935)	(8,992)	(31,793)	(18,507)
Net written contribution	44,705	51,983	143,899	199,155
Changes in gross unearned contributions	(1,511)	576	3,041	21,273
Changes in retakaful share of unearned contributions	1,512	(529)	(3,041)	(14,236)
Changes in reserve for takaful activities	(3,066)	(17,498)	18,952	(82,436)
Net contributions earned	41,640	34,532	162,851	123,756
Fees and commission income	1,152	1,180	2,754	3,842
Underwriting revenue	42,792	35,712	165,605	127,598
Gross claims paid	(8,272)	(5,539)	(20,850)	(19,428)
Retakaful share of claims paid	6,950	3,699	14,190	12,643
Net claims paid	(1,322)	(1,840)	(6,660)	(6,785)
Changes in gross outstanding claims	(178)	(16,822)	2,470	(18,223)
Changes in retakaful share of outstanding claims	60	17,068	(694)	18,767
Net claims incurred	(1,440)	(1,594)	(4,884)	(6,241)
Surrenders	(24,267)	(19,762)	(113,016)	(74,974)
Net claims incurred & surrenders	(25,707)	(21,356)	(117,900)	(81,215)
Policy acquisition costs, net	(3,841)	(3,578)	(10,914)	(12,636)
Total claims, surrenders and other expenses	(29,548)	(24,934)	(128,814)	(93,851)
Underwriting surplus for the period	13,244	10,778	36,791	33,747
Investment income	376	401	1,145	1,252
General and administrative expenses	(10,377)	(8,037)	(27,441)	(25,881)
Net surplus for the period from takaful operations	3,243	3,142	10,495	9,118
Shareholders' appropriation of surplus from takaful operations	(2,918)	(2,828)	(9,445)	(8,206)
Accumulated surplus at the end of period	325	314	1,050	912

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Chairman

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

SABB Takaful Company (A Saudi Joint Stock Company)

INTERIM STATEMENT OF SHAREHOLDERS' OPERATIONS (UNAUDITED)

For the three and nine months period ended 30 September 2012

		<i>Three months ended</i>	<i>Three months ended</i>	<i>Nine months ended</i>	<i>Nine months ended</i>
	<i>Note</i>	<i>30 September 2012</i>	<i>30 September 2011</i>	<i>30 September 2012</i>	<i>30 September 2011</i>
		<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>
Investment income		218	141	533	553
Income from sukus		1,022	306	2,317	949
Realized gains on financial assets - available for sale investments		-		412	
Total revenue		1,240	447	3,262	1,502
Shareholders' appropriation of surplus from takaful operations		2,918	2,828	9,445	8,206
General and administrative expenses		(797)	(881)	(2,717)	(3,819)
Net profit for the period		3,361	2,394	9,990	5,889
Basic and diluted profit per share (SAR)	9	0.10	0.07	0.29	0.17

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SABB Takaful Company (A Saudi Joint Stock Company)

**INTERIM STATEMENT OF SHAREHOLDERS' COMPREHENSIVE OPERATIONS
(UNAUDITED)**

For the three and nine months period ended 30 September 2012

	<i>Three months ended 30 September 2012</i>	<i>Three months ended 30 September 2011</i>	<i>Nine months ended 30 September 2012</i>	<i>Nine months ended 30 September 2011</i>
<i>Note</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>
Net profit for the period	3,361	2,394	9,990	5,889
Other comprehensive income:				
Change in fair value of available for sale investments	3 (d) -	35	-	176
Other comprehensive expense:				
Provision for zakat and tax	(1,379)	(1,257)	(4,010)	(3,632)
Total comprehensive profit for the period	1,982	1,172	5,980	2,433

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SABB Takaful Company (A Saudi Joint Stock Company)

**INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(UNAUDITED)**

For the nine months ended 30 September 2012

	<i>Share capital</i>	<i>Legal reserve</i>	<i>Change in fair value of available for sale investments</i>	<i>Accumulated losses</i>	<i>Total</i>
	SAR'000		SAR'000	SAR'000	SAR'000
Balance as at 1 January 2012	340,000	2,043	406	(16,246)	326,203
Net profit for the period	-	-	-	9,990	9,990
Realized gains on financial assets - available for sale investments	-	-	(406)	-	(406)
Provision for zakat and tax	-	-	-	(4,010)	(4,010)
Balance as at 30 September 2012	340,000	2,043	-	(10,266)	331,777
Balance as at 1 January 2011	340,000	-	154	(19,684)	320,470
Net profit for the period	-	-	-	5,889	5,889
Other comprehensive income	-	-	176	-	176
Provision for zakat and tax	-	-	-	(3,632)	(3,632)
Balance as at 30 September 2011	340,000	-	330	(17,427)	322,903

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SABB Takaful Company (A Saudi Joint Stock Company)

INTERIM STATEMENT OF TAKAFUL OPERATIONS' CASH FLOWS

(UNAUDITED)

For the nine months ended 30 September 2012

	<i>Nine months ended 30 September 2012</i>	<i>Nine months ended 30 September 2011</i>
	<i>SR'000</i>	<i>SR'000</i>
OPERATING ACTIVITIES		
Surplus from takaful operations after shareholders' appropriation	1,050	912
Adjustment to reconcile surplus from takaful operations after shareholders' appropriation to net cash from operating activities:		
Shareholders' appropriation from surplus	9,445	8,206
Operating surplus before shareholders' appropriations and before changes in operating assets and liabilities	10,495	9,118
Changes in operating assets and liabilities:		
Available for sale investments	11,944	(50,885)
Contributions receivable, net	(4,994)	28,705
Retakaful share of outstanding claims	1,034	(18,073)
Retakaful share of unearned contributions	3,042	14,235
Deferred policy acquisition costs	268	691
Prepayments and other receivables	(1,264)	(440)
Reserve for takaful activities	(10,189)	50,885
Unearned contributions	(3,041)	(21,272)
Gross outstanding claims	(2,475)	17,618
Unearned commission income	276	(267)
Retakaful balances payable, net	(3,356)	(22,548)
Payables, accruals and others	6,234	1,385
Net cash from operating activities	7,974	9,152
FINANCING ACTIVITY		
Due to shareholders, net	2,056	10,366
Net cash from financing activity	2,056	10,366
INCREASE IN CASH AND CASH EQUIVALENTS	10,030	19,518
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	45,240	60,164
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	55,270	79,682
Non-cash supplemental information:		
Net change in fair value of available for sale investments	3 (c) 24,220	(13,248)

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SABB Takaful Company (A Saudi Joint Stock Company)

INTERIM STATEMENT OF SHAREHOLDERS' CASH FLOWS (UNAUDITED)

For the nine months ended 30 September 2012

	<i>Nine months ended 30 September 2012 SR'000</i>	<i>Nine months ended 30 September 2011 SR'000</i>
OPERATING ACTIVITIES		
Net profit for the period	9,990	5,889
Adjustment to reconcile net profit to net cash provided by operating activities:		
Appropriation of surplus from takaful operations	(9,445)	(8,206)
Gain on sale of motor vehicle	(23)	
Amortisation	1,242	1,136
Depreciation	47	49
	1,811	(1,132)
Changes in operating assets and liabilities:		
Prepayments and other receivables	(270)	(1,025)
Payables, accruals and others	(343)	104
Zakat paid	(4,784)	(3,969)
Net cash used in operating activities	(3,586)	(6,022)
INVESTING ACTIVITIES		
Purchase of intangible assets	(1,423)	(251)
Disposal of motor vehicle	73	-
Due from takaful operations, net	(2,056)	(10,366)
Purchase of held to maturity investments	(129,513)	(20,000)
Maturity of held to maturity investments	10,000	19,554
Disposal of available for sale investments	50,000	-
Net cash used in investing activities	(72,919)	(11,063)
DECREASE IN CASH AND CASH EQUIVALENTS	(76,505)	(17,085)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	174,927	169,262
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	98,422	152,177
	5	
Non-cash supplemental information:		
Net change in fair value of available for sale investments	3 (d) -	176

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SABB Takaful Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

30 September 2012

1. ORGANISATION AND PRINCIPAL ACTIVITIES

SABB Takaful Company (the Company) is a Saudi Joint Stock Company registered in the Kingdom of Saudi Arabia under commercial registration No. 1010234032 dated 20 Jumad Awal 1428H (corresponding to 6 June 2007). The registered address of the Company is P. O. Box 9086, Riyadh 11413, Kingdom of Saudi Arabia.

The purpose of the Company is to transact takaful operations and all related activities. Its principal lines of business include Individual Family, Group Family and General Takaful products. The Company operates only in the Kingdom of Saudi Arabia.

2. BASIS OF PREPARATION, BASIS OF PRESENTATION, SIGNIFICANT ACCOUNTING POLICIES AND RISK MANAGEMENT POLICIES

a) Basis of preparation

These interim condensed financial statements for the nine months ended 30 September 2012 have been prepared in accordance with IAS 34 - Interim Financial Reporting.

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 audited financial statements for the year ended 31 December 2011.

In management's opinion, these 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. The Company's interim results may not be indicative of its annual results.

b) Basis of presentation

The Company's by-laws require that separate accounts to be maintained for takaful and shareholders' operations. Income and expenses directly attributable to either activity are recorded in the respective accounts.

c) Significant accounting policies and risk management policies

The accounting and risk management policies adopted in the preparation of these interim condensed financial statements are consistent with the Company's audited financial statements for the year ended 31 December 2011, except for the adoption of amendments to IAS 1 "Presentation of Financial Statements" with respect to presentation of items of other comprehensive income which has had no financial impact on these interim condensed financial statements.

d) Functional and presentation currency

The functional and presentational currency of the Company is Saudi Riyals. The financial statements values are presented in Saudi Riyals rounded to the nearest thousand (SAR'000), unless otherwise indicated.

SABB Takaful Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

30 September 2012

3. INVESTMENTS

Investments comprise of available for sale and held to maturity investments. An analysis of the investments is set out below:

	<i>30 September 2012 (Unaudited)</i> <i>SAR'000</i>	
	<i>Takaful Operations</i>	<i>Shareholders</i>
<i>Available for sale investments – quoted</i>		
Investment in Amanah Mutual Funds	530,702	-
<i>Held to maturity investments</i>		
Saudi Electricity Company Sukuk (SEC-III) – quoted	-	25,000
Saudi Hollandi Bank Sukuk – unquoted	-	5,000
Bank Al Jazira Sukuk – unquoted	-	20,000
General Authority of Civil Aviation Sukuk (GACA - I) - unquoted	-	50,000
The National Industrialization Company Sukuk (TANSEE - I) - quoted	-	50,000
Olayan Real Estate Company Sukuk (ORECO - I) - quoted	-	10,000
Saudi Binladin Group Limited Sukuk (SBG - III) - unquoted	-	19,513
	-	179,513
Total investments	530,702	179,513
	<i>31 December 2011 (Audited)</i> <i>SAR'000</i>	
	<i>Takaful Operations</i>	<i>Shareholders</i>
<i>Available for sale investments – quoted</i>		
Investment in Amanah Mutual Funds	542,646	50,406
<i>Held to maturity investments</i>		
Saudi Electricity Company Sukuk (SEC-III) – quoted	-	25,000
Saudi Electricity Company Sukuk (SEC-I) – quoted	-	5,000
SABIC Sukuk (SABIC-II) – quoted	-	5,000
Saudi Hollandi Bank Sukuk – unquoted	-	5,000
Bank Al Jazira Sukuk – unquoted	-	20,000
	-	60,000
Total investments	542,646	110,406

The SEC-III Sukuk will mature on 30 May 2030, with a 'put option' available to the Company to seek redemption of the instrument on 10 May 2017. In accordance with the decisions and investment strategy of the Company, the said options will be exercised on the respective option dates. Accordingly, they are classified as held to maturity to their respective 'put option' dates.

The Saudi Hollandi Bank Sukuk, Bank Al Jazira Sukuk, General Authority of Civil Aviation Sukuk, The National Industrialization Company Sukuk, Olayan Real Estate Company Sukuk and Saudi Binladin Group Limited Sukuk will mature on 29 December 2019, 28 March 2021, 18 January 2022, 21 May 2019, 25 June 2017 and 24 July 2013 respectively.

- b) The fair value of held-to-maturity investments as at 30 September 2012 is SAR 180.70 million (31 December 2011: SAR 59.96 million).

SABB Takaful Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

30 September 2012

3. INVESTMENTS (continued)

c) The movements in the available for sale investments held to cover unit-linked liabilities were as follows:

	<i>30 September 2012 (Unaudited) SAR'000</i>	<i>31 December 2011 (Audited) SAR'000</i>
Opening balance	542,646	485,155
Purchased during the period/ year	35,416	147,627
Sold during the period/ year	(71,580)	(83,549)
	<u>506,482</u>	<u>549,233</u>
Net change in fair values of investments	24,220	(6,587)
Closing balance	<u><u>530,702</u></u>	<u><u>542,646</u></u>

d) The movements in the available for sale investments for the shareholders were as follows:

	<i>30 September 2012 (Unaudited) SAR'000</i>	<i>31 December 2011 (Audited) SAR'000</i>
Opening balance	50,406	50,154
Sold during the period/ year	(50,406)	-
	<u>-</u>	<u>50,154</u>
Net change in fair values of investments	-	252
Closing balance	<u><u>-</u></u>	<u><u>50,406</u></u>

4. CONTRIBUTIONS RECEIVABLE, NET

	<i>30 September 2012 (Unaudited) SAR'000</i>	<i>31 December 2011 (Audited) SAR'000</i>
Due from planholders	13,344	5,478
Due from a shareholder	1,010	3,270
	<u>14,354</u>	<u>8,748</u>
Provision for impairment	(1,841)	(1,229)
	<u><u>12,513</u></u>	<u><u>7,519</u></u>

5. CASH AND CASH EQUIVALENTS

	<i>30 September 2012 (Unaudited) SAR'000</i>	
	<i>Takaful Operations</i>	<i>Shareholders</i>
Bank balances	30,204	2,038
Murabaha deposits	25,066	96,384
	<u>55,270</u>	<u>98,422</u>

SABB Takaful Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

30 September 2012

5. CASH AND CASH EQUIVALENTS (continued)

	31 December 2011 (Audited)	
	SAR'000	
	Takaful Operations	Shareholders
Bank balances	29,207	2,920
Murabaha deposits	16,033	172,007
	<u>45,240</u>	<u>174,927</u>

6. OUTSTANDING CLAIMS

	30 September 2012 (Unaudited)		
	Gross SAR'000	Retakaful share SAR'000	Net SAR'000
Family Takaful outstanding claims	17,388	(11,929)	5,459
General Takaful outstanding claims	37,724	(27,363)	10,361
Total outstanding claims	<u>55,112</u>	<u>(39,292)</u>	<u>15,820</u>

	31 December 2011 (Audited)		
	Gross SAR'000	Retakaful share SAR'000	Net SAR'000
Family Takaful outstanding claims	13,232	(8,862)	4,370
General Takaful outstanding claims	44,355	(31,464)	12,891
Total outstanding claims	<u>57,587</u>	<u>(40,326)</u>	<u>17,261</u>

7. MOVEMENT IN RESERVE FOR TAKAFUL ACTIVITIES AND UNEARNED CONTRIBUTION INCOME

a) Movement in reserve for takaful activities

	Nine months ended 30 September 2012 (Unaudited) SAR'000	Year ended 31 December 2011 (Audited) SAR'000
Balance as at the beginning of the period/ year	534,976	485,155
Changes in reserve during the period/ year	(18,952)	78,668
Planholder charges	(15,457)	(22,260)
Net change in fair value of investments	24,220	(6,587)
Balance as at the end of the period/ year	<u>524,787</u>	<u>534,976</u>

The reserve for takaful activities represents the unit linked takaful plan reserve.

SABB Takaful Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

30 September 2012

7. MOVEMENT IN RESERVE FOR TAKAFUL ACTIVITIES AND UNEARNED CONTRIBUTION INCOME (continued)

b) Movement in unearned contribution income

	<i>Nine months ended 30 September 2012</i>		
	<i>(Unaudited)</i>		
	<i>Gross</i>	<i>Retakaful</i>	<i>Net</i>
	<i>SAR'000</i>	<i>share</i>	<i>SAR'000</i>
		<i>SAR'000</i>	<i>SAR'000</i>
Balance as at the beginning of the period	21,721	(12,114)	9,607
Contribution written during the period	67,926	(30,815)	37,111
Contribution earned during the period	(70,967)	33,857	(37,110)
Balance as at the end of the period	18,680	(9,072)	9,608

	<i>Year ended 31 December 2011</i>		
	<i>(Audited)</i>		
	<i>Gross</i>	<i>Retakaful</i>	<i>Net</i>
	<i>SAR'000</i>	<i>share</i>	<i>SAR'000</i>
		<i>SAR'000</i>	<i>SAR'000</i>
Balance as at the beginning of the year	44,491	(25,960)	18,531
Contribution written during the year	65,071	(30,885)	34,186
Contribution earned during the year	(87,841)	44,731	(43,110)
Balance as at the end of the year	21,721	(12,114)	9,607

8. SEGMENTAL INFORMATION

Consistent with the Company's internal reporting process, business segments have been approved by management in respect of the Company's activities. The Company's gross written contribution, net written contribution, net contributions earned, fees and commission income, net claims incurred, surrenders, policy acquisition costs - net, underwriting surplus, investment income, general and administrative expenses, net (deficit)/ surplus, surplus from takaful operations after shareholders' appropriation, net profit, amortisation, depreciation, purchase of intangible assets, intangible assets, motor vehicles, available for sale investments, retakaful share of outstanding claims and unearned contributions, deferred policy acquisition costs, total assets, reserve for takaful activities, unearned contributions, gross outstanding claims, unearned commission income, and total liabilities, by business segment, are stated below.

Segment assets do not include contributions receivable, prepayments and other receivables and cash and cash equivalents. Accordingly they are included in unallocated assets.

Segment liabilities do not include retakaful balances payable, due to shareholders and payables, accrued expenses and others. Accordingly they are included in unallocated liabilities.

The unallocated assets and unallocated liabilities are not reported to chief operating decision maker under the related segments and are monitored on centralised basis.

SABB Takaful Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

30 September 2012

8. SEGMENTAL INFORMATION (continued)

	<i>Shareholders' Fund SAR'000</i>	<i>Individual Family SAR'000</i>	<i>Group Family SAR'000</i>	<i>General Takaful SAR'000</i>	<i>Total SAR'000</i>
For the three months ended					
30 September 2012 (Unaudited)					
Gross written contribution	-	26,598	13,809	10,502	50,909
Net written contribution	-	31,002	7,823	5,880	44,705
Net contributions earned	-	27,936	7,669	6,035	41,640
Fees and commission income	-	(16)	605	563	1,152
Net claims incurred	-	(864)	(1,473)	897	(1,440)
Surrenders	-	(24,267)	-	-	(24,267)
Policy acquisition costs, net	-	(2,346)	(525)	(970)	(3,841)
Underwriting surplus for the period	-	443	6,276	6,525	13,244
Investment income	1,240	371	-	5	1,616
General and administrative expenses	(797)	(3,767)	(1,685)	(4,925)	(11,174)
Net (deficit)/ surplus for the period	443	(2,953)	4,591	1,605	3,686
Surplus from takaful operations after shareholders' appropriation					(325)
Net profit for the period					3,361
Purchase of intangible assets		-	-	-	(74)
Amortisation		-	-	-	68
Depreciation		-	-	-	14
For the nine months ended					
30 September 2012 (Unaudited)					
Gross written contribution	-	92,309	41,985	25,941	160,235
Net written contribution	-	106,788	23,012	14,099	143,899
Net contributions earned	-	125,739	23,062	14,050	162,851
Fees and commission income	-	(53)	310	2,497	2,754
Net claims incurred	-	(201)	(5,215)	532	(4,884)
Surrenders	-	(113,016)	-	-	(113,016)
Policy acquisition costs, net	-	(6,543)	(2,018)	(2,353)	(10,914)
Underwriting surplus for the period	-	5,926	16,139	14,726	36,791
Investment income	3,262	1,071	50	24	4,407
General and administrative expenses	(2,717)	(9,596)	(5,395)	(12,450)	(30,158)
Net (deficit)/ surplus for the period	545	(2,599)	10,794	2,300	11,040
Surplus from takaful operations after shareholders' appropriation					(1,050)
Net profit for the period					9,990
Purchase of intangible assets	(1,423)	-	-	-	(1,423)
Amortisation	1,242	-	-	-	1,242
Depreciation	47	-	-	-	47

SABB Takaful Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

30 September 2012

8. SEGMENTAL INFORMATION (continued)

	<i>Shareholders' Fund SAR'000</i>	<i>Individual Family SAR'000</i>	<i>Group Family SAR'000</i>	<i>General Takaful SAR'000</i>	<i>Total SAR'000</i>
30 September 2012 (Unaudited)					
Intangible assets		-	-	-	1,176
Motor vehicles		-	-	-	20
Takaful operations' assets					
Available for sale investments	-	530,702	-	-	530,702
Retakaful share of outstanding claims	-	1,892	10,037	27,363	39,292
Retakaful share of unearned contributions	-	-	1,465	7,607	9,072
Deferred policy acquisition costs	-	-	377	1,540	1,917
Unallocated assets	-	-	-	-	69,479
Total takaful operations' assets					650,462
Total shareholders' assets	338,627	-	-	-	338,627
Total assets					989,089
Takaful operations' liabilities					
Reserve for takaful activities	-	524,787	-	-	524,787
Unearned contributions	-	-	3,608	15,072	18,680
Gross outstanding claims	-	2,621	14,767	37,724	55,112
Unearned commission income	-	-	-	2,531	2,531
Unallocated liabilities	-	-	-	-	49,352
Total takaful operations' liabilities					650,462
Total shareholders' liabilities	6,850	-	-	-	6,850
Total liabilities					657,312
For the three months ended					
30 September 2011 (Unaudited)					
Gross written contribution	-	37,259	7,401	10,570	55,230
Net written contribution	-	42,691	5,360	3,932	51,983
Net contributions earned	-	25,193	6,073	3,266	34,532
Fees and commission income	-	-	-	1,180	1,180
Net claims incurred	-	(70)	(1,242)	(282)	(1,594)
Surrenders	-	(19,762)	-	-	(19,762)
Policy acquisition costs, net	-	(2,229)	(567)	(782)	(3,578)
Underwriting surplus for the period	-	3,132	4,264	3,382	10,778
Investment income	447	366	27	8	848
General and administrative expenses	(881)	(3,268)	(1,017)	(3,752)	(8,918)
Net (deficit)/ surplus for the period	(434)	230	3,274	(362)	2,708
Surplus from takaful operations after shareholders' appropriation					(314)
Net profit for the period					2,394
Purchase of intangible assets	(102)	-	-	-	(102)
Amortisation	404	-	-	-	404
Depreciation	16	-	-	-	16

SABB Takaful Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

30 September 2012

8. SEGMENTAL INFORMATION (continued)

	<i>Shareholder' Fund SAR'000</i>	<i>Individual Family SAR'000</i>	<i>Group Family SAR'000</i>	<i>General Takaful SAR'000</i>	<i>Total SAR'000</i>
For the nine months ended					
30 September 2011 (Unaudited)					
Gross written contribution	-	157,410	16,378	25,569	199,357
Net written contribution	-	174,815	12,477	11,863	199,155
Net contributions earned	-	92,379	19,227	12,150	123,756
Fees and commission income	-	-	-	3,842	3,842
Net claims incurred	-	(1,408)	(2,260)	(2,573)	(6,241)
Surrenders	-	(74,974)	-	-	(74,974)
Policy acquisition costs, net	-	(7,580)	(2,517)	(2,539)	(12,636)
	<u>-</u>	<u>8,417</u>	<u>14,450</u>	<u>10,880</u>	<u>33,747</u>
Underwriting surplus for the period	-	8,417	14,450	10,880	33,747
Investment income	1,502	1,085	108	59	2,754
General and administrative expenses	(3,819)	(9,338)	(6,107)	(10,436)	(29,700)
	<u>(2,317)</u>	<u>164</u>	<u>8,451</u>	<u>503</u>	<u>6,801</u>
Surplus from takaful operations after shareholders' appropriation					<u>(912)</u>
Net profit for the period					<u>5,889</u>
Purchase of intangible assets	(251)	-	-	-	(251)
Amortisation	1,136	-	-	-	1,136
Depreciation	49	-	-	-	49
	<u>(251)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(251)</u>
31 December 2011 (Audited)					
Intangible assets	995	-	-	-	995
Motor vehicles	117	-	-	-	117
	<u>995</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>995</u>
Takaful operations' assets	-	542,646	-	-	542,646
Available for sale investments	-	1,692	7,170	31,464	40,326
Retakaful share of outstanding claims	-	-	1,717	10,397	12,114
Retakaful share of unearned contributions	-	-	523	1,662	2,185
Deferred policy acquisition costs	-	-	-	-	53,191
Unallocated assets					<u>650,462</u>
Total takaful operations' assets	334,170	-	-	-	<u>334,170</u>
Total shareholders' assets					<u>984,632</u>
Total assets					<u>984,632</u>
Takaful operations' liabilities	-	534,976	-	-	534,976
Reserve for takaful activities	-	-	3,909	17,812	21,721
Unearned contributions	-	2,171	11,060	44,356	57,587
Gross outstanding claims	-	-	-	2,255	2,255
Unearned commission income	-	-	-	-	32,468
Unallocated liabilities					<u>649,007</u>
Total takaful operations' liabilities	7,967	-	-	-	<u>7,967</u>
Total shareholders' liabilities					<u>656,974</u>
Total liabilities					<u>656,974</u>

All of the Company's operating assets and principal activities are located in the Kingdom of Saudi Arabia.

SABB Takaful Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

30 September 2012

9. BASIC AND DILUTED PROFIT PER SHARE

Basic profit per share amounts are calculated by dividing the net profit for the period attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding at the balance sheet date as follows:

	<i>Three months ended</i> 30 September 2012 SAR'000	<i>Three months ended</i> 30 September 2011 SAR'000	<i>Nine months ended</i> 30 September 2012 SAR'000	<i>Nine months ended</i> 30 September 2011 SAR'000
Net profit for the period (SAR'000)	<u>3,361</u>	<u>2,394</u>	<u>9,990</u>	<u>5,889</u>
Weighted average number of ordinary share (Number in thousands)	<u>34,000</u>	<u>34,000</u>	<u>34,000</u>	<u>34,000</u>
Profit per share (SAR)	<u>0.10</u>	<u>0.07</u>	<u>0.29</u>	<u>0.17</u>

10. RELATED PARTY TRANSACTIONS

Related parties represent major shareholders, directors and key management personnel of the Company, and companies of which they are principal owners and any other entities controlled, jointly controlled or significantly influenced by them. Pricing policies and terms of these transactions are approved by the Company's management.

The summary of major related party transactions are as follow:

	<i>Three months ended</i> 30 September 2012 SAR'000	<i>Three months ended</i> 30 September 2011 SAR'000	<i>Nine months ended</i> 30 September 2012 SAR'000	<i>Nine months ended</i> 30 September 2011 SAR'000
Contributions				
Shareholders, directors and key management personnel	<u>13,236</u>	<u>9,480</u>	<u>33,613</u>	<u>16,288</u>
Claims				
Entities controlled, jointly controlled or significantly influenced by related parties	<u>3,691</u>	<u>1,561</u>	<u>11,161</u>	<u>13,436</u>
Commission and other expenses				
Entities controlled, jointly controlled or significantly influenced by related parties	<u>4,766</u>	<u>5,173</u>	<u>15,159</u>	<u>19,720</u>
Available for sale investments pertaining to Shareholders				
Entities controlled, jointly controlled or significantly influenced by related parties	<u>-</u>	<u>50,330</u>	<u>-</u>	<u>50,330</u>

11. COMMITMENTS AND CONTINGENCIES

The Company, in common with significant majority of insurers, is subject to litigation in the normal course of its business. During quarter ended 30 June 2012, a legal case amounting to SR 65.88 million, which significantly exceeds the claim amount, has been filed against the Company by a policyholder disputing the claim amount under a policy. Based on an independent legal advice, the Company does not believe that policyholder has a valid claim and as a result, as at 30 September 2012, has not made any further provision in excess of the amount deemed appropriate under the said policy.

SABB Takaful Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

30 September 2012

12. COMPARATIVE FIGURES

Certain of the prior period amounts have been reclassified to confirm with the presentation in the current period

13. APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

These interim condensed financial statements have been approved by the Board of Directors on 29 Dhul-Qadah 1433H corresponding to 15 October 2012.