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**ALAHLI TAKAFUL COMPANY  
(A SAUDI JOINT STOCK COMPANY)**

**UNAUDITED INTERIM CONDENSED  
FINANCIAL STATEMENTS**

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

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**ALAHLI TAKAFUL COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**

**UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS**  
**FOR THE THREE MONTH AND SIX MONTH PERIODS ENDED 30 JUNE 2017**

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<b>INDEX</b>	<b>PAGE</b>
Independent Auditors' Review Report	1
Interim Statement of Financial Position	2 – 3
Interim Statement of Insurance Operations and Accumulated Surplus	4
Interim Statement of Shareholders' Operations	5
Interim Statement of Shareholders' Comprehensive Income	6
Interim Statement of Changes in Shareholders' Equity	7
Interim Statement of Insurance Operations' Cash Flows	8
Interim Statement of Shareholders' Cash Flows	9
Notes to the Interim Condensed Financial Statements	10 – 25



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

### THE SHAREHOLDERS ALAHLI TAKAFUL COMPANY (A SAUDI JOINT STOCK COMPANY) KINGDOM OF SAUDI ARABIA

#### Introduction:

We have reviewed the accompanying interim statement of financial position of ALAhli Takaful Company - a Saudi Joint Stock Company ("the Company") as at 30 June 2017 and the related interim statements of insurance operations and accumulated surplus, shareholders' operations, shareholders' comprehensive income for the three-month and six-month periods then ended and the related interim statements of changes in shareholders' equity, insurance operations' cash flows and shareholders' cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these interim condensed financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" and Saudi Arabian Monetary Authority ("SAMA") guidance on accounting for zakat and tax. Our responsibility is to express a conclusion on these interim condensed financial statements 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" 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 that are 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 statements is not prepared, in all material respects, in accordance with International Accounting Standard 34, "Interim Financial Reporting" and SAMA guidance on accounting for zakat and tax.

for Ernst & Young

Ahmed I. Reda  
Certified Public Accountant  
Licence No. 356



for Baker Tilly MKM & Co

Ayad A. Al Seraihi  
Certified Public Accountant  
Licence No. 405



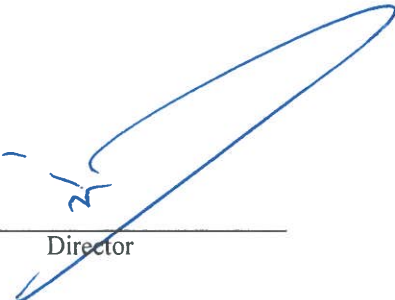
Jeddah, Kingdom of Saudi Arabia  
11 Thul-Qidah 1438 H  
3 August 2017

# ALAHLI TAKAFUL COMPANY – A SAUDI JOINT STOCK COMPANY

## INTERIM STATEMENT OF FINANCIAL POSITION

As at 30 June 2017

		30 June 2017 (Unaudited) SR'000	31 December 2016 (Audited) SR'000
	Notes		
<b>INSURANCE OPERATIONS' ASSETS</b>			
Cash and cash equivalents	4	20,087	18,907
Unit-linked investments	5	735,557	749,771
FVIS investments	6	48,460	122,156
Contribution receivable from a related party, net	11(b)	42,096	1,489
Accrued income	11(b)	452	362
Reinsurance share of outstanding claims		17,005	39,801
Reinsurance balances receivable		424	3,393
Reinsurance share of unearned contribution		2,151	158
Prepayments and other receivables		2,624	732
Furniture, fittings and office equipment		5,921	6,782
<b>Total Insurance Operations' Assets</b>		<b>874,777</b>	<b>943,551</b>
<b>SHAREHOLDERS' ASSETS</b>			
Cash and cash equivalents	4	190	126
FVIS investments	6	224,478	172,146
Available for sale investments	7	-	10,149
Due from Insurance Operations		3,899	36,928
Due from a related party	11(d)	108	-
Prepayments and other receivables		4,685	4,032
Return on investment of statutory deposit		938	775
Statutory deposit		16,667	16,667
<b>Total Shareholders' Assets</b>		<b>250,965</b>	<b>240,823</b>
<b>TOTAL ASSETS</b>		<b>1,125,742</b>	<b>1,184,374</b>

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Chief Financial Officer

  
\_\_\_\_\_  
Chief Executive Officer

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

# ALAHLI TAKAFUL COMPANY – A SAUDI JOINT STOCK COMPANY

## INTERIM STATEMENT OF FINANCIAL POSITION (continued)

As at 30 June 2017

		30 June 2017 (Unaudited) SR'000	31 December 2016 (Audited) SR'000
	Notes		
<b>INSURANCE OPERATIONS' LIABILITIES AND SURPLUS</b>			
<b>Insurance Operations' Liabilities</b>			
Technical reserve for Insurance Operations	9	754,404	767,611
Unearned contribution - gross		3,797	285
Outstanding claims – gross		19,295	44,968
Reinsurance balances payable		50,431	55,593
Due to related parties	11(b)	2,453	1,164
Due to Shareholders' Operations		3,899	36,928
Contributions received in advance		7,993	9,046
Accruals and other payables		15,365	12,976
Employees' end of service benefits		1,628	1,584
<b>Total Insurance Operations' Liabilities</b>		<b>859,265</b>	<b>930,155</b>
<b>Insurance Operations' Surplus</b>			
Surplus from Insurance Operations		15,512	13,396
<b>Total Insurance Operations' Liabilities and Surplus</b>		<b>874,777</b>	<b>943,551</b>
<b>SHAREHOLDERS' LIABILITIES AND EQUITY</b>			
<b>Shareholders' Liabilities</b>			
Accruals and other payables		3,557	4,271
Dividends payable		2,544	690
Accrued Zakat and income tax	8	20,434	19,380
Accrued return on investment of statutory deposit		938	775
<b>Total Shareholders' Liabilities</b>		<b>27,473</b>	<b>25,116</b>
<b>Shareholders' Equity</b>			
Share capital		166,667	166,667
Statutory reserve		22,723	18,637
Retained earnings		34,102	29,248
Cumulative changes in fair value of available for sale investments		-	1,155
<b>Total Shareholders' Equity</b>		<b>223,492</b>	<b>215,707</b>
<b>Total Shareholders' Liabilities and Equity</b>		<b>250,965</b>	<b>240,823</b>
<b>TOTAL INSURANCE OPERATIONS' LIABILITIES, SURPLUS, SHAREHOLDERS' LIABILITIES AND EQUITY</b>		<b>1,125,742</b>	<b>1,184,374</b>

Director

Chief Financial Officer

Chief Executive Officer

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

# ALAHLI TAKAFUL COMPANY – A SAUDI JOINT STOCK COMPANY

## INTERIM STATEMENT OF INSURANCE OPERATIONS AND ACCUMULATED SURPLUS

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

	Notes	Three-month period ended 30 June (Unaudited)		Six-month period ended 30 June (Unaudited)	
		2017 SR'000	2016 SR'000	2017 SR'000	2016 SR'000
<b>INSURANCE REVENUE</b>					
Gross contributions		58,090	64,187	176,177	180,513
Investible contribution, net		(46,492)	(51,712)	(91,964)	(103,411)
Net insurance contributions		11,598	12,475	84,213	77,102
Reinsurance ceded		(1,326)	(1,605)	(41,890)	(38,208)
Net written contributions		10,272	10,870	42,323	38,894
Change in net unearned contribution		10,451	8,679	(1,519)	(1,348)
<b>Net insurance revenue</b>		<b>20,723</b>	<b>19,549</b>	<b>40,804</b>	<b>37,546</b>
<b>CLAIMS AND EXPENSES</b>					
Gross claims paid		(34,502)	(11,779)	(50,727)	(28,330)
Reinsurance share of claims paid		29,582	10,430	43,852	25,058
Net claims paid		(4,920)	(1,349)	(6,875)	(3,272)
Change in net outstanding claims and technical reserve	10	2,036	(2,833)	(962)	(4,011)
<b>Net claims incurred</b>		<b>(2,884)</b>	<b>(4,182)</b>	<b>(7,837)</b>	<b>(7,283)</b>
Policy related fees and other expenses		(1,504)	(2,034)	(3,237)	(4,448)
Supervision and inspection fee		(293)	(321)	(885)	(902)
<b>Total claims and expenses</b>		<b>(4,681)</b>	<b>(6,537)</b>	<b>(11,959)</b>	<b>(12,633)</b>
<b>Underwriting surplus for the period</b>		<b>16,042</b>	<b>13,012</b>	<b>28,845</b>	<b>24,913</b>
Investment fund fee	11(a)	1,384	1,404	2,807	2,928
General and administration expenses		(6,725)	(4,608)	(11,300)	(9,259)
Unrealised gain on FVIS investment		219	386	620	727
Realised gain on FVIS investment		75	-	186	-
<b>Surplus for the period from Insurance Operations</b>		<b>10,995</b>	<b>10,194</b>	<b>21,158</b>	<b>19,309</b>
Shareholders' share of surplus from Insurance Operations	2(b)	(9,896)	(9,175)	(19,042)	(17,378)
<b>Policyholders' share of surplus for the period</b>		<b>1,099</b>	<b>1,019</b>	<b>2,116</b>	<b>1,931</b>
<b>Accumulated policyholders' surplus at the beginning of the period</b>		<b>14,413</b>	<b>10,217</b>	<b>13,396</b>	<b>9,305</b>
<b>ACCUMULATED POLICYHOLDERS' SURPLUS AT THE END OF THE PERIOD</b>		<b>15,512</b>	<b>11,236</b>	<b>15,512</b>	<b>11,236</b>

  
Director

  
Chief Financial Officer

  
Chief Executive Officer

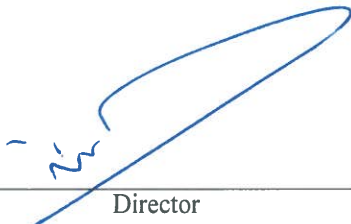
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# ALAHLI TAKAFUL COMPANY - A SAUDI JOINT STOCK COMPANY

## INTERIM STATEMENT OF SHAREHOLDERS' OPERATIONS

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

	Notes	Three-month period ended 30 June (Unaudited)		Six-month period ended 30 June (Unaudited)	
		2017	2016	2017	2016
		SR'000	SR'000	SR'000	SR'000
Shareholders' share of surplus from Insurance Operations	2(b)	9,896	9,175	19,042	17,378
Unrealised gain on FVIS investments	6	1,694	1,052	3,295	1,704
Realised gain on FVIS investment	6	57	-	92	-
Realised gain on available-for-sale investments, net	7	727	-	727	-
Other income		267	518	267	649
<b>Total income</b>		<b>12,641</b>	<b>10,745</b>	<b>23,423</b>	<b>19,731</b>
General and administration expenses		(1,567)	(1,429)	(2,992)	(2,764)
<b>NET INCOME FOR THE PERIOD</b>		<b>11,074</b>	<b>9,316</b>	<b>20,431</b>	<b>16,967</b>
Weighted average number of ordinary shares outstanding (in thousands)	14	16,667	16,667	16,667	16,667
Earnings per share for the period (SR)	14	0.66	0.56	1.23	1.02

  
Director

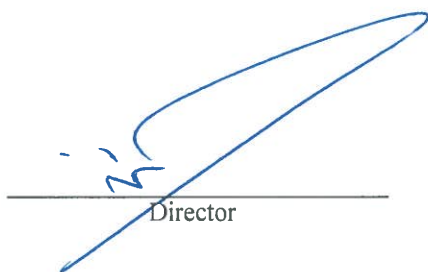
  
Chief Financial Officer

  
Chief Executive Officer

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

**ALAHLI TAKAFUL COMPANY - A SAUDI JOINT STOCK COMPANY**  
**INTERIM STATEMENT OF SHAREHOLDERS' COMPREHENSIVE INCOME**  
For the three-month and six-month periods ended 30 June 2017

	<i>Three-month period ended 30 June (Unaudited)</i>		<i>Six-month period ended 30 June (Unaudited)</i>	
	<i>2017</i>	<i>2016</i>	<i>2017</i>	<i>2016</i>
	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>
<b>NET INCOME FOR THE PERIOD</b>	<b>11,074</b>	9,316	<b>20,431</b>	16,967
<b>Other comprehensive income:</b>				
<i>Items to be reclassified to statement of shareholders' operations in subsequent periods</i>				
Transferred to interim statement of shareholders' operations on disposal	(646)	(32)	(1,155)	(654)
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>10,428</b>	9,284	<b>19,276</b>	16,313



Director



Chief Financial Officer



Chief Executive Officer

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



**ALAHLI TAKAFUL COMPANY - A SAUDI JOINT STOCK COMPANY**  
**INTERIM STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY**  
For the six-month period ended 30 June 2017

	<i>For the six-month period ended 30 June 2017</i>				
	<i>Share capital</i>	<i>Statutory reserve</i>	<i>Retained earnings</i>	<i>Cumulative changes in fair value of available for sale investments</i>	<i>Total</i>
	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>
Balance as at 31 December 2016 (audited)	166,667	18,637	29,248	1,155	215,707
Net income for the six-month period	-	-	20,431	-	20,431
Dividend (note 15)	-	-	(8,333)	-	(8,333)
Zakat for the six-month period (note 8)	-	-	(2,195)	-	(2,195)
Income tax for the six-month period (note 8)	-	-	(963)	-	(963)
Transfer to statutory reserve	-	4,086	(4,086)	-	-
<i>Other comprehensive income:</i> Transferred to interim statement of shareholders' operations on disposal (note 7)	-	-	-	(1,155)	(1,155)
<b>Balance at 30 June 2017 (unaudited)</b>	<b>166,667</b>	<b>22,723</b>	<b>34,102</b>	<b>-</b>	<b>223,492</b>

	<i>For the six-month period ended 30 June 2016</i>				
	<i>Share capital</i>	<i>Statutory reserve</i>	<i>Retained earnings</i>	<i>Cumulative changes in fair value of available for sale investments</i>	<i>Total</i>
	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>
Balance as at 31 December 2015 (audited)	166,667	11,970	16,384	(856)	194,165
Net income for the six-month period	-	-	16,967	-	16,967
Dividend (note 15)	-	-	(8,333)	-	(8,333)
Zakat for the six-month period	-	-	(1,985)	-	(1,985)
Income tax for the six-month period	-	-	(746)	-	(746)
Transfer to statutory reserve	-	2,847	(2,847)	-	-
<i>Other comprehensive income:</i> Net change in fair value of available for sale investments	-	-	-	(654)	(654)
<b>Balance at 30 June 2016 (unaudited)</b>	<b>166,667</b>	<b>14,817</b>	<b>19,440</b>	<b>(1,510)</b>	<b>199,414</b>

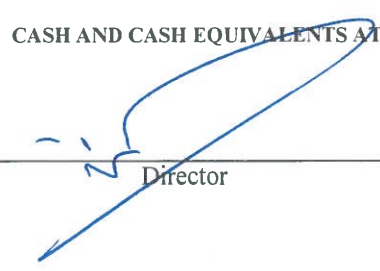

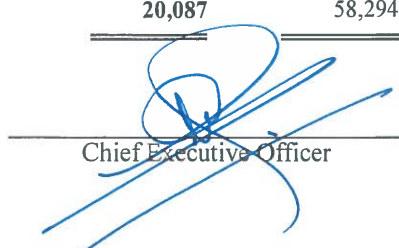
  
Director

  
Chief Financial Officer

  
Chief Executive Officer

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

**ALAHLI TAKAFUL COMPANY - A SAUDI JOINT STOCK COMPANY**  
**INTERIM STATEMENT OF INSURANCE OPERATIONS' CASH FLOWS**  
For the six-month period ended 30 June 2017

	<i>For the six- month period ended 30 June 2017 (Unaudited) SR'000</i>	<i>For the six- month period ended 30 June 2016 (Unaudited) SR'000</i>
<i>Notes</i>		
<b>OPERATING ACTIVITIES</b>		
Policyholders' share of surplus for the period after shareholders' share	2,116	1,931
Adjustment for the period:		
Depreciation	1,130	996
Employees' end of service benefits, net	44	173
Reinsurance share of unearned contribution	(1,993)	(1,985)
Unearned contribution – gross	3,512	3,333
Allowance for doubtful receivables	1,713	138
Unrealised gains on re-measurement of FVIS investments	(620)	(727)
	<b>5,902</b>	<b>3,859</b>
Changes in operating assets and liabilities:		
Unit-linked investments	14,214	27,735
Contribution receivable from a related party	(42,320)	680
Reinsurance balances receivable	2,969	(3,183)
Accrued income	(90)	(20)
Prepayments and other receivables	(1,892)	(865)
Reinsurance share of outstanding claims	22,796	(30,543)
Technical reserve for Insurance Operations	(13,207)	(27,664)
Outstanding claims – gross	(25,673)	34,925
Reinsurance balances payable	(5,162)	15,742
Due to Shareholders' Operations	(33,029)	4,647
Due to related parties	1,289	564
Contributions received in advance	(1,053)	(211)
Accruals and other payables	2,389	(4,729)
Net cash (used in)/from operating activities	<b>(72,867)</b>	<b>20,937</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of furniture, fittings and office equipment	(269)	(1,464)
Redemption of FVIS investments	6 74,316	-
Net cash from/(used in) investing activities	<b>74,047</b>	<b>(1,464)</b>
<b>Net increase in cash and cash equivalents</b>	<b>1,180</b>	<b>19,473</b>
Cash and cash equivalents at the beginning of the period	<b>18,907</b>	<b>38,821</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>20,087</b>	<b>58,294</b>
		
Director	Chief Financial Officer	Chief Executive Officer

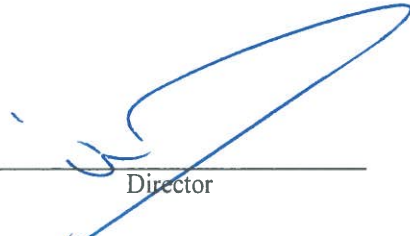
The accompanying notes 1 to 16 form an integral part of these interim condensed financial statements.

# ALAHLI TAKAFUL COMPANY - A SAUDI JOINT STOCK COMPANY

## INTERIM STATEMENT OF SHAREHOLDERS' CASH FLOWS

For the six-month period ended 30 June 2017

		<i>For the six-month period ended 30 June 2017 (Unaudited) SR'000</i>	<i>For the six-month period ended 30 June 2016 (Unaudited) SR'000</i>
	<i>Notes</i>		
<b>OPERATING ACTIVITIES</b>			
Net income for the period		20,431	16,967
Adjustments for the period:			
Unrealised gains on remeasurement of FVIS investments		(3,295)	(1,704)
Realised gain on available-for-sale investments		(727)	-
		<u>16,409</u>	<u>15,263</u>
Changes in operating assets and liabilities:			
Due from a related party		(108)	(575)
Prepayments and other receivables		(653)	(96)
Return on investment of statutory deposit		(163)	(150)
Due from Insurance Operations		33,029	(4,647)
Accruals and other payables		(714)	(982)
Accrued return on investment of statutory deposit		163	150
Zakat and income tax paid	8	(2,104)	(1,892)
Net cash from operating activities		<u>45,859</u>	<u>7,071</u>
<b>INVESTING ACTIVITIES</b>			
Purchase of FVIS investments	6	(55,037)	-
Redemption of FVIS investments	6	6,000	-
Proceeds from disposal of available-for-sale investments	7	9,721	-
Net cash used in investing activities		<u>(39,316)</u>	<u>-</u>
<b>FINANCING ACTIVITY</b>			
Dividends paid, net		(6,479)	(8,195)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<u>64</u>	<u>(1,124)</u>
Cash and cash equivalents at the beginning of the period		<u>126</u>	<u>1,308</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>		<u><u>190</u></u>	<u><u>184</u></u>

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Chief Financial Officer

  
\_\_\_\_\_  
Chief Executive Officer

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

# ALAHLI TAKAFUL COMPANY - A SAUDI JOINT STOCK COMPANY

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

As at 30 June 2017

### 1 ORGANIZATION AND PRINCIPAL ACTIVITIES

AlAhli Takaful Company (the "Company") is a Saudi Joint Stock Company registered in the Kingdom of Saudi Arabia under Commercial Registration No. 4030171573 dated 21 Rajab 1428H, corresponding to 4 August 2007. The following is the address of the Company's registered office:

P. O. Box 48510,  
Al Khalidiyah Business Center,  
Prince Sultan Street,  
Jeddah 21582,  
Kingdom of Saudi Arabia.

The objective of the Company is to transact cooperative insurance operations and related activities in the Kingdom of Saudi Arabia. The Company commenced its commercial operations on 4 February 2008. The Company was listed on the Saudi Stock Exchange on 18 August 2007. The Company is owned 71.15% by Saudi founding shareholders and general public subject to zakat and 28.85% by non-Saudi founding shareholders subject to income tax.

### 2 BASIS OF PREPARATION

#### a) *Basis of measurement*

The interim condensed financial statements are prepared on historical cost basis except for the measurement of Unit Linked Investments, Fair Value through Income Statements (FVIS) investments and Available For Sale (AFS) investments at their fair values.

#### b) *Statement of compliance*

During 2017 Saudi Arabian Monetary Authority ("SAMA") issued a Circular no. 381000074519 dated 11 April 2017 and subsequent amendments through certain clarifications relating to the accounting for zakat and tax. The new guidance requires zakat and tax to be accrued on a quarterly basis and recognized in interim statement of shareholders' equity with a corresponding liability recognized in the interim statement of financial position.

Applying the above framework, the interim condensed financial statements of the Company as at and for the six month period ended 30 June 2017 have been prepared in accordance with International Accounting Standard (IAS) 34 – Interim Financial Reporting and SAMA guidance on accounting for zakat and tax. As the Company's accounting policy for the zakat and tax has always been consistent with the SAMA's new guidance, the adoption of the guidance has not resulted in any changes in the accounting policies, accounting treatment or amounts reported in current or prior years/periods.

The 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 annual financial statements.

As required by Saudi Arabian Insurance Regulations, the Company maintains separate books of account for the Insurance Operations and Shareholders' Operations. 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 has been determined by the management and approved by the Board of Directors.

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

Shareholders'	90%
Policyholders'	10%
	<hr/>
	100%
	<hr/>

ALAHLI TAKAFUL COMPANY - A SAUDI JOINT STOCK COMPANY  
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)  
As at 30 June 2017

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**2 BASIS OF PREPARATION (continued)**

**b) Statement of compliance (continued)**

If the insurance operations results in a deficit, the entire deficit is borne by the Shareholders' Operations. The Company presents its interim statement of financial position in order of liquidity. Except for statutory deposit, all other financial assets and liabilities are expected to be recovered and settled respectively, within twelve months after the reporting date.

**c) Functional and presentation currency**

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.

**d) Judgement and estimates**

The preparation of interim condensed financial statements in conformity with IFRS and SAMA guidance on accounting for zakat and tax requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities, if any, at the date of the interim condensed financial statements and the reported amounts of revenues and expenses during the interim reported period. Although these estimates and judgements are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates. In the opinion of the 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 period presented.

**3 SIGNIFICANT ACCOUNTING POLICIES**

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) as endorsed in the Kingdom of Saudi Arabia and are consistent with those used for the preparation of the annual financial statements for the year ended 31 December 2016 and new amended IFRS and International Financial Reporting Interpretations Committee Interpretations (IFRIC) as mentioned in note 3(a) which had no impact on the financial position or financial performance of the Company. Certain comparative amounts have been reclassified / regrouped to conform with the current period's presentation.

**a) New IFRS, IFRIC and amendments thereof, adopted by the Company**

The Company has adopted the following new standards, amendments and revisions to existing standards, which were issued by the International Accounting Standards Board (IASB):

**Standard/**

**Amendments**

**IAS 7**

**Description**

Amendments to IAS 7 – "Statement of Cash flows: Disclosure Initiative", The amendments require entities to provide disclosures about changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). On initial application of the amendment, entities are not required to provide comparative information for preceding periods. The Company is not required to provide additional disclosures in its interim condensed financial statements, but will disclose additional information in its annual financial statements for the year ending 31 December 2017.

**IFRS 12**

The amendments clarify that the disclosure requirements in IFRS 12, other than those in paragraphs B10–B16, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale.

This did not have any impact on the interim condensed financial statements of the Company as there is no investment in subsidiary, a joint venture or an associate.

ALAHLI TAKAFUL COMPANY – A SAUDI JOINT STOCK COMPANY  
 NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)  
 As at 30 June 2017

**3 SIGNIFICANT ACCOUNTING POLICIES (continued)**

*Standards issued but not yet effective*

**b) *Standards issued but not***

Standards issued but not yet effective up to the date of issuance of the Company's interim condensed financial statements are listed below. The listing is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt these standards when they are effective.

<u>Standard/ Interpretation</u>	<u>Description</u>	<u>Effective from periods beginning on or after the following date</u>
IFRS 15	Revenue from Contracts with Customers	1 January 2018
IFRS 2	Amendments to IFRS 2 Classification and Measurement of share-based Payment transactions.	1 January 2018
IAS 40	Amendments to IAS 40 Transfers of investment property.	1 January 2018
IFRIC 22	Foreign Currency Transactions and Advance consideration.	1 January 2018
IFRS 1 and IAS 28	Annual Improvements 2016 to IFRS 2014- 2016 cycle.	1 January 2018
IFRS 16	Leases	1 January 2019
IFRS 17	Insurance Contracts	1 January 2021
IFRS 9	Financial Instruments	Refer below*

\* IFRS 17 also introduces a temporary exemption for the implementation of IFRS 9 for reporting entities whose activities predominantly relate to insurance. The Company currently assessing the implications and application date and expects that it will be eligible for this temporary exemption. If management decides to defer the implementation of IFRS 9 until a later date, it will be no later than 1 January 2021.

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

**4 CASH AND CASH EQUIVALENTS**

	<b>30 June 2017 (Unaudited) SR'000</b>	<b>31 December 2016 (Audited) SR'000</b>
<b>Insurance Operations</b>		
Cash in hand	4	4
Cash at bank (note 4.1)	20,083	18,903
	<b>20,087</b>	<b>18,907</b>
<b>Shareholders' Operations</b>		
Cash at bank (note 4.1)	190	126

4.1 Cash at bank is held in bank accounts maintained with a related party.



**ALAHLI TAKAFUL COMPANY – A SAUDI JOINT STOCK COMPANY**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)**  
As at 30 June 2017

**5 UNIT-LINKED INVESTMENTS**

**Insurance Operations**

Unit-linked investments comprise units of fund of funds, denominated in United States Dollars, which are managed by a subsidiary of the Company's major shareholder and are based in the Kingdom of Saudi Arabia.

	<b>30 June 2017 (Unaudited) SR'000</b>	<b>31 December 2016 (Audited) SR'000</b>
<b>Investment held to cover unit-linked liabilities:</b>		
AlAhli Multi-Asset Conservative Fund	<b>411,099</b>	435,117
AlAhli Multi-Asset Moderate Fund	<b>185,827</b>	182,760
AlAhli Multi-Asset Growth Fund	<b>138,631</b>	131,894
	<b>735,557</b>	749,771

The movement in unit-linked investments during the six-month period ended 30 June 2017 and year ended 31 December 2016 is as follows:

	<b>30 June 2017 (Unaudited) SR'000</b>	<b>31 December 2016 (Audited) SR'000</b>
<b>Insurance Operations</b>		
Balance at the beginning of the period/year	<b>749,771</b>	778,665
Redemption during the period/ year	<b>(51,058)</b>	(39,500)
Unrealised gains during the period/year (note 9(b))	<b>36,844</b>	10,606
<b>Balance at the end of the period/year</b>	<b>735,557</b>	749,771

**6 FVIS INVESTMENTS**

**Insurance Operations**

FVIS investments of Insurance Operations represent investments in AlAhli Diversified Saudi Riyal Trade fund (a quoted income fund), managed by a subsidiary of the Company's major shareholder and is based in the Kingdom of Saudi Arabia. This investment is designated as FVIS investment upon initial recognition because it is managed on fair value basis and its performance is actively monitored.

	<b>30 June 2017 (Unaudited) SR'000</b>	<b>31 December 2016 (Audited) SR'000</b>
AlAhli Diversified Saudi Riyal Trade fund	<b>48,460</b>	122,156

**ALAHLI TAKAFUL COMPANY – A SAUDI JOINT STOCK COMPANY**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)**  
As at 30 June 2017

**6 FVIS INVESTMENTS (continued)**

The movement in the FVIS investments during the six-month period ended 30 June 2017 and year ended 31 December 2016 is as follows:

	<i>30 June 2017 (Unaudited) SR'000</i>	<i>31 December 2016 (Audited) SR'000</i>
<b><i>Insurance Operations</i></b>		
Balance at the beginning of the period/year	122,156	70,034
Purchased during the period/year	-	50,000
Redemption during the period / year	(74,316)	-
Unrealised gain during the period/year	620	2,122
Realised gain during the period/year	186	214
Net cash received during the period/year	(186)	(214)
<b>Balance at the end of the period/year</b>	<b>48,460</b>	<b>122,156</b>

***Shareholders' Operations***

	<i>30 June 2017 (Unaudited) SR'000</i>	<i>31 December 2016 (Audited) SR'000</i>
AlAhli Takaful discretionary portfolio	173,756	161,151
Investment in a real estate fund	7,079	7,079
AlAhli Diversified Saudi Riyal Trade Fund	43,643	3,916
	<b>224,478</b>	<b>172,146</b>

AlAhli Takaful discretionary portfolio is managed by a subsidiary of the Company's major shareholder. Discretionary portfolio is invested in securities issued by financial institutions, government entities, and mutual funds which are denominated in Saudi Arabian Riyals and US Dollars.

	<i>30 June 2017 (Unaudited) SR'000</i>	<i>31 December 2016 (Audited) SR'000</i>
<b><i>Shareholders' Operations</i></b>		
Balance at the beginning of the period/year	172,146	164,450
Purchased during the period/year	55,037	3,906
Redemption during the period/year	(6,000)	-
Unrealized gain during the period/year	3,295	3,790
Realised gain during the period/year	92	-
Net cash received during the period/year	(92)	-
<b>Balance at the end of the period/year</b>	<b>224,478</b>	<b>172,146</b>



**ALAHLI TAKAFUL COMPANY – A SAUDI JOINT STOCK COMPANY**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)**  
As at 30 June 2017

**7 AVAILABLE FOR SALE INVESTMENTS**

	<i>30 June 2017 (Unaudited) SR'000</i>	<i>31 December 2016 (Audited) SR'000</i>
<i>Shareholders' Operations</i>		
Balance at the beginning of the period/year	<b>10,149</b>	14,144
Disposal during the period/year	<b>(9,721)</b>	(3,914)
Impairment loss during the period/year	-	(2,238)
Unrealised gain during the period/year	-	2,011
Transferred to interim statement of shareholders' operations on disposal	<b>(1,155)</b>	-
Realised gain on sale during the period/year	<b>727</b>	146
<b>Balance at the end of the period/year</b>	<b>-</b>	10,149

Available for sale investments comprised of investment in shares of certain companies listed in the Kingdom of Saudi Arabia.

**8 ZAKAT AND INCOME TAX**

The Zakat and income tax payable by the Company has been calculated based on the best estimates of the management.

The movement in Zakat and income tax payable for the six-month period ended 30 June 2017 and year ended 31 December 2016 is as follows:

	<i>30 June 2017 (Unaudited) SR'000</i>	<i>31 December 2016 (Audited) SR'000</i>
Balance at the beginning of the period/year	<b>19,380</b>	15,799
Zakat charge for the period/year	<b>2,195</b>	3,905
Tax charge for the period/year	<b>963</b>	1,568
Zakat and income tax paid	<b>(2,104)</b>	(1,892)
<b>Balance at the end of the period/year</b>	<b>20,434</b>	19,380

**Status of assessments**

Zakat and income tax returns have been submitted to General Authority of Zakat and Tax (GAZT) for the period ended 31 December 2007 and for the years ended 31 December 2008 through 2016.

The GAZT raised assessment for the period ended 31 December 2007 and for the years ended 31 December 2008 and 2009 demanding additional Zakat and withholding tax liability of SR 3,997 thousand. The Company filed an appeal against additional Zakat of SR 3,921 thousand and paid additional withholding tax of SR 76 thousand and a delay penalty of SR 26 thousand under protest. The Preliminary Appeal Committee [PAC] issued their decision upholding GAZT's treatment. The Company has filed an appeal against the PAC decision with the Higher Appeal Committee [HAC] and submitted a bank guarantee for the amount under dispute. The HAC rendered its decision in favour of ATC on certain items. The Company is considering to file an approval against the HAC's decision with the Board of Grievances (BOG).

GAZT has issued initial assessments for the years 2010 through 2014, disallowing investments from the Zakat base with additional Zakat liability of SR 9,571 thousand. The Company filed an appeal against these initial assessments and is confident of a favourable outcome.

The GAZT has not yet raised any assessment for 2016.

**ALAHLI TAKAFUL COMPANY – A SAUDI JOINT STOCK COMPANY**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)**  
As at 30 June 2017

**9 TECHNICAL RESERVE FOR INSURANCE OPERATIONS**

- a) A technical reserve for Insurance Operations is created, as per the report received from the Actuary, as detailed below:

	<b>30 June 2017 (Unaudited) SR'000</b>	<b>31 December 2016 (Audited) SR'000</b>
Technical reserve relating to the Participant Investment Strategies (unit liability)	<b>737,881</b>	754,927
Allowance for the retained risk	<b>6,969</b>	7,379
Incurred But Not Reported (IBNR) reserves	<b>9,554</b>	5,305
	<b>754,404</b>	767,611

- b) Movement in technical reserve for insurance operations is as follows:

	<b>30 June 2017 (Unaudited) SR'000</b>	<b>31 December 2016 (Audited) SR'000</b>
Balance as at the beginning of the period/year	<b>767,611</b>	798,125
Change in Incurred But Not Reported claims (IBNR) reserve	<b>4,249</b>	342
Change in allowance for the retained risk	<b>(410)</b>	1,844
Unrealized gains on unit-linked investments (note 5)	<b>36,844</b>	10,606
Investible contribution	<b>91,964</b>	201,282
Surrenders and maturities	<b>(145,854)</b>	(244,588)
<b>Balance as at the end of the period/year</b>	<b>754,404</b>	767,611

**10 CHANGES IN NET OUTSTANDING CLAIMS AND TECHNICAL RESERVE**

	<b>Three-month period ended 30 June</b>		<b>Six-month period ended 30 June</b>	
	<b>2017 (Unaudited) SR'000</b>	<b>2016 (Unaudited) SR'000</b>	<b>2017 (Unaudited) SR'000</b>	<b>2016 (Unaudited) SR'000</b>
Change in outstanding claims – Gross	<b>(8,781)</b>	20,358	<b>(25,673)</b>	34,925
Change in outstanding claims – Reinsurance	<b>6,774</b>	(17,143)	<b>22,796</b>	(30,543)
Change in Incurred But Not Reported claims (IBNR)	<b>3,758</b>	320	<b>4,249</b>	1,454
Change in allowance for the retained risk	<b>(3,787)</b>	(702)	<b>(410)</b>	(1,825)
<b>Movement in net outstanding claims provision</b>	<b>(2,036)</b>	2,833	<b>962</b>	4,011

**ALAHLI TAKAFUL COMPANY – A SAUDI JOINT STOCK COMPANY**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)**  
As at 30 June 2017

**11 RELATED PARTY TRANSACTIONS AND BALANCES**

*Insurance Operations*

- a) Following are the details of major related party transactions during the six-month period ended 30 June 2017 and 30 June 2016:

<u>Name</u>	<u>Relationship</u>	<u>Nature of transactions</u>	<u>Amount of transactions</u>	
			<i>For the six-month period ended 30 June 2017 (Unaudited) SR'000</i>	<i>For the six-month period ended 30 June 2016 (Unaudited) SR'000</i>
<i>Insurance Operations</i>				
National Commercial Bank	Shareholder	Gross Group Insurance contribution	62,059	54,858
		Gross claims paid	49,895	27,852
AlAhli Insurance Marketing Services Company Limited	Subsidiary of a shareholder	Agency commission and others	1,645	1,406
FWU	Shareholder	Administration fee	1,259	1,529
		Service charges	-	1,200
NCB Capital	Subsidiary of a shareholder	Investment fund fee	2,807	2,928
Key management personnel		Short-term benefits	1,866	1,743
		End of service benefits	86	81

- b) Receivable from/(payable to) related parties

	<i>30 June 2017 (Unaudited) SR'000</i>	<i>31 December 2016 (Audited) SR'000</i>
Receivable from National Commercial Bank - a shareholder – net of provision of doubtful receivable of SR 1,391 thousand (31 December 2016: SR 131 thousand)	<b>42,096</b>	1,489
Payable to FWU – a shareholder	<b>(201)</b>	(227)
Payable to AlAhli Insurance Marketing Services Company Limited - subsidiary of a shareholder	<b>(2,252)</b>	(937)
	<b>(2,453)</b>	(1,164)
Accrued investment fund fee receivable from subsidiary of a Shareholder	<b>452</b>	362
Outstanding claims payable to National Commercial Bank - a shareholder - gross	<b>(16,399)</b>	(41,166)

- c) In addition to the disclosures set out in note 1, 4, 5 and 6 relating to related parties, amount due from and due to related parties are shown in the Interim Statement of Financial Position.

**ALAHLI TAKAFUL COMPANY – A SAUDI JOINT STOCK COMPANY**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)**  
As at 30 June 2017

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

**Shareholders' Operations**

- a) Following are the details of Board of Directors and members of other committees remuneration and related expenses during the six-month periods ended 30 June 2017 and 30 June 2016:

	<i>For the six-month period ended 30 June 2017 (Unaudited) SR'000</i>	<i>For the six-month period ended 30 June 2016 (Unaudited) SR'000</i>
Board and other committees remuneration	1,145	915
Board and other committees attendance fees	262	107
Board accommodation and travel	254	188

- b) Following are the details of major related party transactions during the six-month period ended 30 June 2017 and 30 June 2016:

<u>Name</u>	<u>Relationship</u>	<u>Nature of transaction</u>	<u>Amount of transaction</u>	
			<i>For the six-month period ended 30 June 2017 (Unaudited) SR'000</i>	<i>For the six-month period ended 30 June 2016 (Unaudited) SR'000</i>
NCB Capital	Subsidiary of a shareholder	Dividend	108	-
			<i>30 June 2017 (Unaudited) SR'000</i>	<i>31 December 2016 (Audited) SR'000</i>
c) Remuneration and other expenses payable to Board and other committees			2,173	2,607
d) Receivable from NCB Capital – subsidiary of a shareholder			108	-

**12 OPERATING SEGMENT INFORMATION**

Operating segments are reported in manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as Chief Executive Officer that makes strategic decisions. For management purposes, the activities of Insurance Operations, which are all in the Kingdom of Saudi Arabia, are reported under three business units, as detailed below:

- Insurance – individual segment offers life insurance products on an individual basis including unit linked investment oriented products.
- Insurance – group life segment offers life protection programmes to the members of organizations on a group basis.

Insurance – group credit segment offers protection benefits in respect of personal loan given by financing organization. This segment also includes protection benefits in respect of various credit facilities other than personal loans extended by the financing organizations to its customers.

Segment results do not include general and administration expenses and investment income. Segment assets do not include due from shareholders' operations, prepayments and other receivables and furniture, fittings and office equipment.

Segment liabilities do not include certain accruals and other payables, employees' end of service benefits and surplus from Insurance Operations.

**ALAHLI TAKAFUL COMPANY – A SAUDI JOINT STOCK COMPANY**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)**  
As at 30 June 2017

**12 OPERATING SEGMENT INFORMATION (continued)**

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

	<i>Three-month period ended 30 June 2017 (unaudited)</i>			
	<i>Insurance - individual SR'000</i>	<i>Insurance- group life SR'000</i>	<i>Insurance group credit protection SR'000</i>	<i>Total SR'000</i>
<b>INSURANCE REVENUE</b>				
Gross contributions	57,245	425	420	58,090
Investible contribution, net	(46,492)	-	-	(46,492)
Net insurance contributions	10,753	425	420	11,598
Reinsurance ceded	(967)	(266)	(93)	(1,326)
Net written contributions	9,786	159	327	10,272
Change in net unearned contribution	-	650	9,801	10,451
<b>Net insurance revenue</b>	<b>9,786</b>	<b>809</b>	<b>10,128</b>	<b>20,723</b>
<b>CLAIMS AND EXPENSES</b>				
Gross claims paid	(362)	(1,151)	(32,989)	(34,502)
Reinsurance share of claims paid	259	1,076	28,247	29,582
Net claims paid	(103)	(75)	(4,742)	(4,920)
Change in outstanding claims and technical reserve	(250)	208	2,078	2,036
<b>Net claims (incurred) / recovered</b>	<b>(353)</b>	<b>133</b>	<b>(2,664)</b>	<b>(2,884)</b>
Policy related fees and other expenses	(1,504)	-	-	(1,504)
Supervision and inspection fee	(289)	(2)	(2)	(293)
<b>Total claims and expenses</b>	<b>(2,146)</b>	<b>131</b>	<b>(2,666)</b>	<b>(4,681)</b>
<b>Underwriting surplus for the period</b>	<b>7,640</b>	<b>940</b>	<b>7,462</b>	<b>16,042</b>
Investment fund fee	1,384	-	-	1,384
	9,024	940	7,462	17,426
<b>Unallocated amounts:</b>				
- General and administration expenses				(6,725)
- Unrealised gain on FVIS investment				219
- Realised gain on FVIS investment				75
<b>Surplus for the period from Insurance Operations</b>				<b>10,995</b>

**ALAHLI TAKAFUL COMPANY – A SAUDI JOINT STOCK COMPANY**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)**  
As at 30 June 2017

**12 OPERATING SEGMENT INFORMATION (continued)**

	<i>Three-month period ended 30 June 2016 (unaudited)</i>			
	<i>Insurance – individual SR'000</i>	<i>Insurance- group life SR'000</i>	<i>Insurance group credit protection SR'000</i>	<i>Total SR'000</i>
<b>INSURANCE REVENUE</b>				
Gross contributions	63,091	145	951	64,187
Investible contribution, net	(51,712)	-	-	(51,712)
Net insurance contributions	11,379	145	951	12,475
Reinsurance ceded	(1,317)	(103)	(185)	(1,605)
Net written contributions	10,062	42	766	10,870
Change in net unearned contribution	-	676	8,003	8,679
<b>Net insurance revenue</b>	<b>10,062</b>	<b>718</b>	<b>8,769</b>	<b>19,549</b>
<b>CLAIMS AND EXPENSES</b>				
Gross claims paid	(279)	(1,259)	(10,241)	(11,779)
Reinsurance share of claims paid	251	1,052	9,127	10,430
Net claims paid	(28)	(207)	(1,114)	(1,349)
Change in outstanding claims and technical reserve	(237)	125	(2,721)	(2,833)
<b>Net claims incurred</b>	<b>(265)</b>	<b>(82)</b>	<b>(3,835)</b>	<b>(4,182)</b>
Policy related fees and other expenses	(2,034)	-	-	(2,034)
Supervision and inspection fee	(315)	(1)	(5)	(321)
<b>Total claims and expenses</b>	<b>(2,614)</b>	<b>(83)</b>	<b>(3,840)</b>	<b>(6,537)</b>
Underwriting surplus for the period	7,448	635	4,929	13,012
Investment fund fee	1,404	-	-	1,404
	8,852	635	4,929	14,416
Unallocated amounts:				
- General and administration expenses				(4,608)
- Unrealised gain on FVIS investment				386
<b>Surplus for the period from Insurance Operations</b>				<b>10,194</b>

ALAHLI TAKAFUL COMPANY – A SAUDI JOINT STOCK COMPANY  
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)  
As at 30 June 2017

12 OPERATING SEGMENT INFORMATION (continued)

	<i>Six-month period ended 30 June 2017 (unaudited)</i>			
	<i>Insurance - individual SR'000</i>	<i>Insurance- group life SR'000</i>	<i>Insurance- group credit protection SR'000</i>	<i>Total SR'000</i>
<b>INSURANCE REVENUE</b>				
Gross contributions	113,443	7,147	55,587	176,177
Investible contribution, net	(91,964)	-	-	(91,964)
Net insurance contributions	21,479	7,147	55,587	84,213
Reinsurance ceded	(1,974)	(3,993)	(35,923)	(41,890)
Net written contributions	19,505	3,154	19,664	42,323
Change in net unearned contribution	-	(1,519)	-	(1,519)
<b>Net insurance revenue</b>	<b>19,505</b>	<b>1,635</b>	<b>19,664</b>	<b>40,804</b>
<b>CLAIMS AND EXPENSES</b>				
Gross claims paid	(566)	(4,616)	(45,545)	(50,727)
Reinsurance share of claims paid	431	4,338	39,083	43,852
Net claims paid	(135)	(278)	(6,462)	(6,875)
Change in outstanding claims and technical reserve	(582)	19	(399)	(962)
<b>Net claims incurred</b>	<b>(717)</b>	<b>(259)</b>	<b>(6,861)</b>	<b>(7,837)</b>
Policy related fees and other expenses	(3,217)	(20)	-	(3,237)
Supervision and inspection fee	(571)	(36)	(278)	(885)
<b>Total claims and expenses</b>	<b>(4,505)</b>	<b>(315)</b>	<b>(7,139)</b>	<b>(11,959)</b>
<b>Underwriting surplus for the period</b>	<b>15,000</b>	<b>1,320</b>	<b>12,525</b>	<b>28,845</b>
Investment fund fee	2,807	-	-	2,807
	17,807	1,320	12,525	31,652
<b>Unallocated amounts:</b>				
- General and administration expenses				(11,300)
- Unrealised gain on FVIS investment				620
- Realised gain on on FVIS investment				186
<b>Surplus for the period from Insurance Operations</b>				<b>21,158</b>

**ALAHLI TAKAFUL COMPANY – A SAUDI JOINT STOCK COMPANY**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)**  
As at 30 June 2017

**12 OPERATING SEGMENT INFORMATION (continued)**

	<i>Six-month period ended 30 June 2016 (unaudited)</i>			
	<i>Insurance - individual SR '000</i>	<i>Insurance- group life SR '000</i>	<i>Insurance- group credit protection SR '000</i>	<i>Total SR '000</i>
<b>INSURANCE REVENUE</b>				
Gross contributions	125,528	6,852	48,133	180,513
Investible contribution, net	(103,411)	-	-	(103,411)
Net insurance contributions	22,117	6,852	48,133	77,102
Reinsurance ceded	(2,660)	(3,887)	(31,661)	(38,208)
Net written contributions	19,457	2,965	16,472	38,894
Change in net unearned contribution	-	(1,348)	-	(1,348)
<b>Net insurance revenue</b>	<b>19,457</b>	<b>1,617</b>	<b>16,472</b>	<b>37,546</b>
<b>CLAIMS AND EXPENSES</b>				
Gross claims paid	(319)	(2,509)	(25,502)	(28,330)
Reinsurance share of claims paid	287	2,052	22,719	25,058
Net claims paid	(32)	(457)	(2,783)	(3,272)
Change in outstanding claims and technical reserve	(6)	431	(4,436)	(4,011)
<b>Net claims incurred</b>	<b>(38)</b>	<b>(26)</b>	<b>(7,219)</b>	<b>(7,283)</b>
Policy related fees and other expenses	(4,448)	-	-	(4,448)
Supervision and inspection fee	(628)	(33)	(241)	(902)
Total claims and expenses	(5,114)	(59)	(7,460)	(12,633)
<b>Underwriting surplus for the period</b>	<b>14,343</b>	<b>1,558</b>	<b>9,012</b>	<b>24,913</b>
Investment fund fee	2,928	-	-	2,928
	17,271	1,558	9,012	27,841
<b>Unallocated amounts:</b>				
- General and administration expenses				(9,259)
- Unrealised gain on FVIS investment				727
<b>Surplus for the period from Insurance Operations</b>				<b>19,309</b>



ALAHLI TAKAFUL COMPANY – A SAUDI JOINT STOCK COMPANY  
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)  
As at 30 June 2017

12 OPERATING SEGMENT INFORMATION (continued)

	As at 30 June 2017 (unaudited)			
	Insurance - individual SR'000	Insurance- group life SR'000	Insurance group credit protection SR'000	Total SR'000
<b>INSURANCE OPERATIONS'</b>				
<b>ASSETS</b>				
Cash and cash equivalents	19,700	46	341	20,087
Unit-linked investments	735,557	-	-	735,557
FVIS investments	30,622	-	17,838	48,460
Contribution receivable from a related party, net	-	5,353	36,743	42,096
Accrued income	452	-	-	452
Reinsurance share of outstanding claims	797	1,345	14,863	17,005
Reinsurance balances receivable	-	276	148	424
Reinsurance share of unearned contribution	-	2,151	-	2,151
	<u>787,128</u>	<u>9,171</u>	<u>69,933</u>	<u>866,232</u>
Unallocated amounts:				
- Prepayments and other receivables				2,624
- Furniture, fittings and office equipment				5,921
<b>Total Insurance Operations' Assets</b>				<u><u>874,777</u></u>
<b>INSURANCE OPERATIONS'</b>				
<b>LIABILITIES AND SURPLUS</b>				
<b>Insurance Operations' Liabilities</b>				
Technical reserve for Insurance Operations	740,684	383	13,337	754,404
Unearned contribution – gross	-	3,797	-	3,797
Outstanding claims – gross	902	1,575	16,818	19,295
Reinsurance balances payable	9,747	915	39,769	50,431
Due to related parties	2,453	-	-	2,453
Contributions received in advance	7,993	-	-	7,993
Accruals and other payables	7,365	2	10	7,377
	<u>769,144</u>	<u>6,672</u>	<u>69,934</u>	<u>845,750</u>
Unallocated amounts:				
- Accruals and other payables				7,988
- Due to Shareholders' Operations				3,899
- Employees' end of service benefits				1,628
<b>Total Insurance Operations' Liabilities</b>				<u>859,265</u>
Surplus from Insurance Operations				15,512
<b>Total Insurance Operations' Liabilities and Surplus</b>				<u><u>874,777</u></u>

ALAHLI TAKAFUL COMPANY – A SAUDI JOINT STOCK COMPANY  
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)  
As at 30 June 2017

**12 OPERATING SEGMENT INFORMATION (continued)**

	<i>As at 31 December 2016 (Audited)</i>			
	<i>Insurance - individual SR '000</i>	<i>Insurance- group SR '000</i>	<i>Insurance- group credit protection SR '000</i>	<i>Total SR '000</i>
<b>INSURANCE OPERATIONS' ASSETS</b>				
Cash and cash equivalents	15,704	623	2,580	18,907
Unit-linked investments	749,771	-	-	749,771
FVIS investments	70,603	-	51,553	122,156
Contribution receivable from a related party, net	-	400	1,089	1,489
Accrued income	362	-	-	362
Reinsurance share of outstanding claim	697	1,171	37,933	39,801
Reinsurance balances receivable	-	996	2,397	3,393
Reinsurance share of unearned contribution	-	158	-	158
	837,137	3,348	95,552	936,037
Unallocated amounts:				
- Prepayments and other receivables				732
- Furniture, fittings and office equipment				6,782
<b>Total Insurance Operations' assets</b>				<b>943,551</b>
<b>INSURANCE OPERATIONS' LIABILITIES AND SURPLUS</b>				
Insurance Operations' liabilities				
Technical reserve for Insurance Operations	757,151	445	10,015	767,611
Unearned contribution – gross	-	285	-	285
Outstanding claims – gross	797	1,358	42,813	44,968
Reinsurance balances payable	11,615	1,260	42,718	55,593
Due to related parties	1,164	-	-	1,164
Contributions received in advance	9,046	-	-	9,046
Accruals and other payables	4,313	-	6	4,319
	784,086	3,348	95,552	882,986
Unallocated amounts:				
- Accruals and other payables				8,657
- Due to Shareholders' Operations				36,928
- Employees' end of service benefits				1,584
<b>Total Insurance Operations' liabilities</b>				<b>930,155</b>
Surplus from Insurance Operations				13,396
<b>Total Insurance Operations' liabilities and surplus</b>				<b>943,551</b>

**ALAHLI TAKAFUL COMPANY – A SAUDI JOINT STOCK COMPANY**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)**  
As at 30 June 2017

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**13 FAIR VALUES OF FINANCIAL INSTRUMENTS**

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

The Company's financial assets consist of cash and cash equivalents, unit-linked investments, FVIS investments, available for sale investments, contribution receivable from a related party, other receivables, due from shareholders' operations and its financial liabilities consist of outstanding claims, reinsurance balances payable, amount due to related parties, due to insurance operations and other payables. The fair values of financial instruments are not materially different from their carrying values. As at 30 June 2017, apart from the investments which are carried at fair value (note 5 & 6), there were no other financial instruments held by the Company that were measured at fair value.

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

Level 1: quoted prices in active markets for the same instrument (i.e. without modification or repackaging);

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

Level 3: valuation techniques for which any significant input is not based on observable market data.

As at 30 June 2017 and 31 December 2016, all financial instruments which are fair valued are Level 2 instruments except for available for sale investments which are Level 1 investments. The Company determines Level 2 fair values for unit-linked and FVIS investments based on the net assets value of the respective funds as at the end of the reporting period. There are no transfers between Level 1, Level 2 and Level 3 during the period.

**14 EARNINGS PER SHARE**

Earnings per share for the period have been calculated by dividing the net income for the period by the weighted average number of ordinary issued and outstanding shares at the interim statement of financial position date. Diluted earnings per share is not applicable to the Company.

**15 DIVIDEND**

On 7 Jumada Al-Alkhirah 1438H (corresponding to 6 March 2017), the Company's Board of Directors proposed to pay a dividend, for the year ended 31 December 2016, of SR 0.5 per share totalling SR 8.33 million to its shareholders (30 June 2016: SR 8.33 million). This dividend proposal was approved by the shareholders in the Ordinary General Assembly Meeting held on 11 Sha'ban 1438H (corresponding to 7 May 2017). Accordingly, the dividend payment was made on 25 Shab'an 1438H (corresponding to 21 May 2017).

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

These interim condensed financial statements have been approved by the Board of Directors on 3 August 2017, corresponding to 11 Thul-Qidah 1438 H.