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

**INTERIM CONDENSED  
FINANCIAL STATEMENTS (UNAUDITED)  
FOR THE THREE-MONTH AND NINE-MONTH  
PERIODS ENDED 30 SEPTEMBER 2019**

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

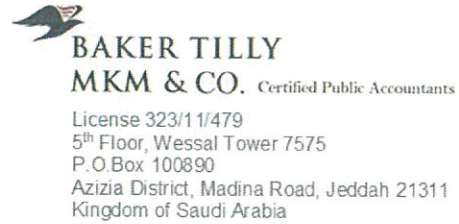
**INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2019**

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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 September 2019, and the related interim statements of income, comprehensive income for the three-month and nine-month periods then ended and the related interim statements of changes in equity and cash flows for the nine-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard 34 - "Interim Financial Reporting" as endorsed in the Kingdom of Saudi Arabia. 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 are not prepared, in all material respects, in accordance with International Accounting Standard 34, "Interim Financial Reporting" as endorsed in the Kingdom of Saudi Arabia.

for Ernst & Young & Co  
(Public Accountants)

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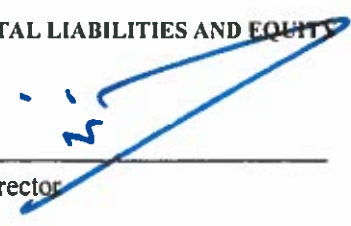

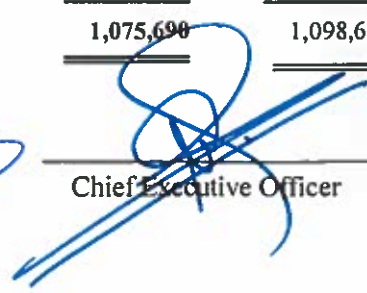
Jeddah, Kingdom of Saudi  
Arabia  
8 Rabi I 1441H  
5 November 2019G



# ALAHLI TAKAFUL COMPANY – A SAUDI JOINT STOCK COMPANY

## INTERIM STATEMENT OF FINANCIAL POSITION

As at 30 September 2019

		30 September 2019 (Unaudited) SR'000	31 December 2018 (Audited) SR'000
	Notes		
<b>ASSETS</b>			
Cash and cash equivalents	4	25,481	18,871
Contributions and reinsurance receivables – net	5	23,295	74,073
Reinsurance share of unearned contributions	6	1,537	3,187
Reinsurance share of outstanding claims		14,497	40,690
Unit-linked investments	7	686,052	647,075
Investments	8	295,442	286,613
Accrued income		641	429
Prepayments and other assets		7,221	5,493
Furniture, fittings and office equipment		1,876	1,712
Intangible assets		1,142	2,347
Statutory deposit		16,667	16,667
Accrued income on statutory deposit		1,839	1,464
<b>TOTAL ASSETS</b>		<b>1,075,690</b>	<b>1,098,621</b>
<b>LIABILITIES</b>			
Accrued and other liabilities		30,148	35,724
Reinsurance balances payable		32,100	46,389
Unearned contributions	6	2,560	4,974
Technical reserve for insurance operations	9.1	677,397	654,225
Outstanding claims		35,199	66,875
Incurred but not reported (IBNR) reserves	9.2	5,246	7,197
Due to related parties	10	922	2,349
End-of-service indemnities		2,328	1,809
Surplus from insurance operations		19,863	19,010
Zakat and income tax	11	27,685	23,860
Dividends payable		8	8
Accrued income payable to SAMA		1,839	1,464
<b>TOTAL LIABILITIES</b>		<b>835,295</b>	<b>863,884</b>
<b>EQUITY</b>			
Share capital		166,667	166,667
Statutory reserve		29,626	28,427
Retained earnings		44,415	39,619
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>240,708</b>	<b>234,713</b>
Re-measurement reserve of defined benefit obligation - related to insurance operations		(313)	24
<b>TOTAL EQUITY</b>		<b>240,395</b>	<b>234,737</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>1,075,690</b>	<b>1,098,621</b>
<div style="display: flex; justify-content: space-between; align-items: flex-end; margin-top: 20px;"> <div style="text-align: center;">               _____              Director         </div> <div style="text-align: center;">               _____              Chief Financial Officer         </div> <div style="text-align: center;">               _____              Chief Executive Officer         </div> </div>			

The accompanying notes 1 to 17 form an integral part of these interim condensed financial statements.

# ALAHLI TAKAFUL COMPANY – A SAUDI JOINT STOCK COMPANY

## INTERIM STATEMENT OF INCOME (UNAUDITED)

For the three-month and nine-month periods ended 30 September 2019

		<i>Three-month period ended 30 September</i>		<i>Nine-month period ended 30 September</i>	
	<i>Notes</i>	<i>2019 SR'000</i>	<i>2018 SR'000 Restated</i>	<i>2019 SR'000</i>	<i>2018 SR'000 Restated</i>
<b>REVENUES</b>					
Gross contributions written		55,063	115,046	173,288	286,631
Investible contributions, net		(35,351)	(40,099)	(109,193)	(123,111)
Net Insurance contributions		19,712	74,947	64,095	163,520
Contributions ceded:					
- Local		-	-	-	-
- Foreign		(7,762)	(46,826)	(29,007)	(98,492)
Net written contributions		11,950	28,121	35,088	65,028
Change in unearned contributions, net		937	(9,909)	764	(10,540)
Net contributions earned		12,887	18,212	35,852	54,488
Investment fund fee	10	1,319	1,285	3,807	3,820
<b>TOTAL REVENUES</b>		<b>14,206</b>	<b>19,497</b>	<b>39,659</b>	<b>58,308</b>
<b>UNDERWRITING COSTS AND EXPENSES</b>					
Gross claims paid		(12,612)	(24,333)	(81,858)	(77,410)
Reinsurer's share of claims paid		8,549	20,094	60,747	65,986
Net claims and other benefits paid		(4,063)	(4,239)	(21,111)	(11,424)
Changes in outstanding claims, net		(1,169)	(3,914)	5,483	(5,228)
Changes in claims incurred but not reported, net		(415)	174	1,951	(2,165)
Net claims and other benefits incurred		(5,647)	(7,979)	(13,677)	(18,817)
Changes in technical reserves, net		1,592	1,737	710	1,551
Policy acquisition costs		(571)	(628)	(1,798)	(1,891)
Other underwriting expenses		(275)	(576)	(867)	(1,434)
<b>TOTAL UNDERWRITING COSTS AND EXPENSES</b>		<b>(4,901)</b>	<b>(7,446)</b>	<b>(15,632)</b>	<b>(20,591)</b>
<b>NET UNDERWRITING INCOME</b>		<b>9,305</b>	<b>12,051</b>	<b>24,027</b>	<b>37,717</b>
<b>OTHER OPERATING INCOME/(EXPENSES)</b>					
(Additions to)/reversal of doubtful debts allowance		(838)	108	(955)	747
General and administration expenses		(8,074)	(7,282)	(23,293)	(19,744)
Unrealised gain on FVIS investments		2,347	1,753	8,829	4,645
Realised gain on FVIS investments		74	108	220	336
Other income		1,448	-	2,859	-
<b>TOTAL OTHER OPERATING EXPENSES</b>		<b>(5,043)</b>	<b>(5,313)</b>	<b>(12,340)</b>	<b>(14,016)</b>
<b>Net income for the period-c/f</b>		<b>4,262</b>	<b>6,738</b>	<b>11,687</b>	<b>23,701</b>

Director

Chief Executive Officer

Chief Financial Officer

The accompanying notes 1 to 17 form an integral part of these interim condensed financial statements.

# ALAHLI TAKAFUL COMPANY – A SAUDI JOINT STOCK COMPANY

## INTERIM STATEMENT OF INCOME (UNAUDITED) (continued)

For the three-month and nine-month periods ended 30 September 2019

	<i>Notes</i>	<i>Three-month period ended 30 September</i>		<i>Nine-month period ended 30 September</i>	
		<i>2019 SR'000</i>	<i>2018 SR'000</i>	<i>2019 SR'000</i>	<i>2018 SR'000</i>
Net income for the period-b/f		4,262	6,738	11,687	23,701
Net income attributed to the insurance operations		(359)	(700)	(853)	(2,454)
Net income for the period attributable to the shareholders, before Zakat and income tax		3,903	6,038	10,834	21,247
Zakat		(1,568)	(1,445)	(4,626)	(4,226)
Income tax		(194)	(114)	(213)	(504)
Net income for the period attributable to the shareholders, after Zakat and income tax		2,141	4,479	5,995	16,517
Weighted average number of ordinary shares outstanding (in thousands)		16,667	16,667	16,667	16,667
Earnings per share for the period (SR)	14	0.13	0.27	0.36	0.99

Director

Chief Financial Officer

Chief Executive Officer

The accompanying notes 1 to 17 form an integral part of these interim condensed financial statements.



# ALAHLI TAKAFUL COMPANY – A SAUDI JOINT STOCK COMPANY

## INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the three-month and nine-month periods ended 30 September 2019

	<i>Three-month period ended 30 September</i>		<i>Nine-month period ended 30 September</i>	
	<i>2019 SR'000</i>	<i>2018 SR'000</i>	<i>2019 SR'000</i>	<i>2018 SR'000</i>
<b>Net income for the period attributable to the shareholders, after Zakat and income tax</b>	<b>2,141</b>	<b>4,479</b>	<b>5,995</b>	<b>16,517</b>
<b>Other comprehensive income:</b>				
<i>Other comprehensive income that will not be reclassified to interim statement of income in subsequent periods:</i>				
Re-measurement loss on end-of-service indemnities	(115)	-	(337)	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>2,026</b>	<b>4,479</b>	<b>5,658</b>	<b>16,517</b>

Director

Chief Executive Officer

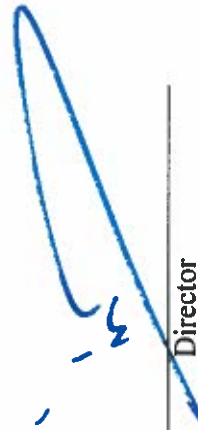
Chief Financial Officer

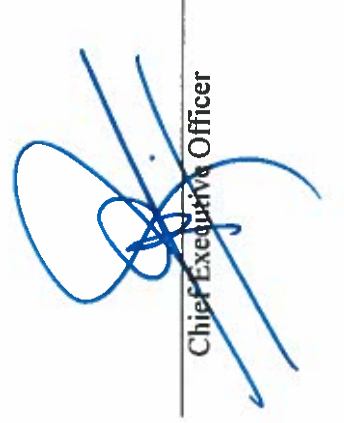
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**AL AHLI TAKAFUL COMPANY – A SAUDI JOINT STOCK COMPANY**  
**INTERIM STATEMENT OF CHANGES IN EQUITY**

For the three-month and nine-month periods ended 30 September 2019

	<i>Related to shareholders</i>				<i>Remeasurement reserve of defined benefit obligation – related to insurance operations</i> SR'000	<i>Total</i> SR'000
	<i>Share capital</i> SR'000	<i>Statutory reserve</i> SR'000	<i>Retained earnings</i> SR'000	<i>Total shareholders' equity</i> SR'000		
Balance at 1 January 2019	166,667	28,427	39,619	234,713	24	234,737
Net income for the period	-	-	5,995	5,995	-	5,995
Other comprehensive loss	-	-	-	-	(337)	(337)
Total comprehensive income	-	-	5,995	5,995	(337)	5,658
Dividend (note 15)	-	-	-	-	-	-
Transfer to statutory reserve	-	1,199	(1,199)	-	-	-
Balance as at 30 September 2019 (unaudited)	166,667	29,626	44,415	240,708	(313)	240,395

  
 \_\_\_\_\_  
 Director

  
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 Chief Executive Officer

  
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 Chief Financial Officer

The accompanying notes 1 to 17 form an integral part of these interim condensed financial statements.



# ALAHLI TAKAFUL COMPANY – A SAUDI JOINT STOCK COMPANY

## INTERIM STATEMENT OF CHANGES IN EQUITY (continued)

For the nine-month period ended 30 September 2019

	Related to shareholders				Re-measurement reserve of defined benefit obligation – related to insurance operations SR'000	Total SR'000
	Share capital SR'000	Statutory reserve SR'000	Retained earnings SR'000	Total shareholders' equity SR'000		
Balance at 1 January 2018	166,667	26,343	48,082	241,092	-	241,092
Net income for the period – previously reported	-	-	21,247	21,247	-	21,247
Adjustment – change in accounting policy (note 3(b))	-	-	(4,730)	(4,730)	-	(4,730)
Net income for the period - Currently reported	-	-	16,517	16,517	-	16,517
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	16,517	16,517	-	16,517
Dividend (note 15)	-	-	(12,500)	(12,500)	-	(12,500)
Income tax recovered from non-Saudi shareholder	-	-	1,091	1,091	-	1,091
Prior years income tax recovered from GAZT as per refund notice	-	-	1,370	1,370	-	1,370
Payment for previously recovered amount to a non- Saudi shareholder exempted from tax	-	-	(425)	(425)	-	(425)
Transfer to statutory reserve	-	4,249	(4,249)	-	-	-
Balance as at 30 September 2018 (unaudited)	166,667	30,592	49,886	247,145	-	247,145

Director

Chief Financial Officer

Chief Executive Officer

The accompanying notes 1 to 17 form an integral part of these interim condensed financial statements.

# ALAHLI TAKAFUL COMPANY – A SAUDI JOINT STOCK COMPANY

## INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)

For the nine-month period ended 30 September 2019

	<i>Nine-month period ended 30 September</i>	
	<i>2019 SR'000</i>	<i>2018 SR'000</i>
<b>OPERATING ACTIVITIES</b>		
Net income for the period attributable to the shareholders, before Zakat and income tax	10,834	21,247
Adjustments for the period:		
Net income attributed to the insurance operations	853	2,454
Depreciation	648	624
Amortization of intangible assets	1,365	1,312
End-of-service indemnities	469	372
Additions to/(reversal of) doubtful debts allowance	955	(747)
Unrealised gain on re-measurement of FVIS investments	(8,829)	(4,645)
Income before changes in operating assets and liabilities	6,295	20,617
Changes in operating assets and liabilities:		
Unit-linked investments	(38,977)	11,728
Contribution and reinsurance balance receivable	49,823	(53,404)
Due from related party	-	109
Accrued income	(212)	(155)
Prepayments and other receivables	(1,728)	(887)
Reinsurance share of unearned contribution	1,650	(20,485)
Unearned contribution	(2,414)	31,025
Reinsurance share of outstanding claims	26,193	(17,669)
Technical reserve for Insurance Operations	23,172	(21,724)
Incurred But Not Reported (IBNR) reserves	(1,951)	2,165
Outstanding claims	(31,676)	22,897
Reinsurance balances payable	(14,289)	26,114
Due to related parties	(1,427)	(20)
Accrued and other liabilities	(5,576)	(576)
Accrued income on statutory deposit	(375)	(256)
Accrued income payable to SAMA	375	256
Cash from/ (used in) operation	8,883	(265)
Zakat and income tax paid	(1,014)	(4,895)
End-of-service indemnities paid	(287)	(390)
Net cash from/(used in) operating activities	7,582	(5,550)
<b>INVESTING ACTIVITIES</b>		
Purchase of furniture, fittings and office equipment	(812)	(141)
Additions to intangible assets	(160)	(130)
Redemption of FVIS investments	-	15,000
Net cash (used in)/from investing activities	(972)	14,729

Director

Chief Financial Officer

Chief Executive Officer

The accompanying notes 1 to 17 form an integral part of these interim condensed financial statements.

# ALAHLI TAKAFUL COMPANY – A SAUDI JOINT STOCK COMPANY

## INTERIM STATEMENT OF CASH FLOWS (UNAUDITED) (continued)

For the nine-month period ended 30 September 2019

	<i>Nine-month period ended 30 September</i>	
	<i>2019 SR'000</i>	<i>2018 SR'000</i>
<b>FINANCING ACTIVITIES</b>		
Dividend paid	-	(12,924)
Income tax recovered from non-Saudi shareholders	-	1,091
Prior years income tax recovered from GAZT as per refund notice	-	1,370
Net cash used in financing activities	-	(10,463)
Net increase /(decrease) in cash and cash equivalents	6,610	(1,284)
Cash and cash equivalents at the beginning of the period	18,871	26,671
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>25,481</b>	<b>25,387</b>

  
Director

  
Chief Financial Officer

  
Chief Executive Officer

The accompanying notes 1 to 17 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

At 30 September 2019

### 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 90.46% by Saudi founding shareholders and general public subject to zakat and 9.54% by non-Saudi founding shareholders subject to income tax.

On 2 Jumada II 1424H, corresponding to 31 July 2003, the Law on the Supervision of Cooperative Insurance Companies (“Insurance Law”) was promulgated by Royal Decree Number (M/32). On 29 Sha’ban 1428H, corresponding to 11 September 2007, the Saudi Arabian Monetary Authority (“SAMA”), as the principal authority responsible for the application and administration of the Insurance Law and its Implementing Regulations, granted the Company a license to transact insurance activities in the Kingdom of Saudi Arabia.

### 2 BASIS OF PREPARATION

#### a) *Basis of preparation*

The interim condensed financial statements of the Company as at and for the period ended 30 September 2019 have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting (“IAS 34”) endorsed in the Kingdom of Saudi Arabia.

The interim condensed financial statements of the Company as at and for the period and year ended 31 March 2019 and 31 December 2018, respectively, were prepared in compliance with the IAS 34 and the International Financial Reporting Standards (“IFRS”) respectively, as modified by SAMA for the accounting of zakat and income tax (relating to the application of IAS 12 – “Income Taxes” and IFRIC 21 – “Levies” so far as these relate to zakat and income tax).

On 23 July 2019, SAMA instructed the insurance companies in the Kingdom of Saudi Arabia to account for the zakat and income taxes in the statement of income. This aligns with the IFRS that are endorsed by Saudi Organization of Certified Public Accountants (SOCPA) and other pronouncement and standards that are endorsed by the Kingdom of Saudi Arabia. Accordingly, the Company changed its accounting treatment for zakat and income tax by retrospectively adjusting the impact in line with International Accounting Standard 8 Accounting Policies, Changes in Accounting Estimates and Errors effects of this change are disclosed in note 3(b) to the interim condensed financial statements.

The interim condensed financial statements is prepared under the going concern basis and the historical cost convention, except for the measurement of investments at their fair value. The Company’s interim condensed statement of financial position is presented in order of liquidity. Except for property and equipment, statutory deposit, end-of-service indemnities and unearned contribution, accrued income and surplus from insurance operations, outstanding claims, claims incurred but not reported and technical reserves for insurance operations, all other assets and liabilities are of short-term nature, unless, stated otherwise.

As required by the Saudi Arabian Insurance Regulations (the Implementation Regulations), the Company maintains separate books of accounts for “Insurance Operations” and “Shareholders’ Operations”. Accordingly, assets, liabilities, revenues and expenses clearly attributable to either operation, are recorded in the respective accounts.

The interim condensed financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the annual financial statements as of and for the year ended 31 December 2018.

The interim condensed financial statements may not be considered indicative of the expected results for the full year.

These interim condensed financial statements are expressed in Saudi Arabian Riyals (SAR) and are rounded off to the nearest thousands, unless stated otherwise.

ALAHLI TAKAFUL COMPANY – A SAUDI JOINT STOCK COMPANY  
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)  
At 30 September 2019

**2 BASIS OF PREPARATION (continued)**

**b) Critical accounting judgments estimates and assumptions**

The preparation of interim condensed financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these interim condensed financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty including the risk management policies were the same as those that were applied to the annual financial statements as of and for the year ended 31 December 2018.

**c) Seasonality of operations**

There are no seasonal changes that may affect the insurance operations of the Company.

**3 SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies, estimates and assumptions used in the preparation of these interim condensed financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2018, except as explained below:

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

The following new standards, interpretations, amendments and revisions to existing standards, which were issued by the International Accounting Standards Board (IASB) have been effective from 1 January 2019, as applicable:

<u>Standard/ Amendments</u>	<u>Description</u>
IFRS 16	Leases
IFRIC 23	Uncertainty over Income Tax Treatments

The adoption of the relevant new and amended standards and interpretations applicable to the Company did not have any significant impact on these interim condensed financial statements.

**b) Change in accounting for Zakat and income tax**

As mentioned above, the basis of presentation has been changed for the period ended 30 September 2019 because of the issuance of latest instructions from SAMA dated 23 July 2019. Previously, zakat and income tax were recognized in the statement of changes in equity as per the SAMA circular no 381000074519 dated 11 April 2017. With the latest instructions issued by SAMA dated 23 July 2019, the zakat and income tax shall be recognized in the statement of income. The Company has accounted for this change in the accounting for zakat and income tax retrospectively and the effects of this change is disclosed in note [3(b)] to the interim condensed financial statements. The change has resulted in reduction of reported income of the Company for the period ended 30 September 2018 by SR 4,730 thousand. The change has had no impact on the statement of cash flows for the period ended 30 September 2018.

*Accounting policy – Income tax*

The income tax expense or credit for the period is the tax payable on the current period's taxable income, based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated based on the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Adjustments arising from the final income tax assessments are recorded in the period in which such assessments are made. The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted for the changes in deferred tax assets and liabilities attributable to the temporary differences and to the unused tax losses.

**ALAHLI TAKAFUL COMPANY – A SAUDI JOINT STOCK COMPANY**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)**  
At 30 September 2019

**3 SIGNIFICANT ACCOUNTING POLICIES (continued)**

**b) Change in accounting for Zakat and income tax (continued)**

*Deferred income tax*

Deferred income tax is provided using the liability method on temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for the taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amounts of assets and liabilities using the tax rates enacted or substantively enacted at the reporting date. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available, and the credits can be utilized. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefits will be realized.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised.

*Zakat*

The Company is subject to Zakat in accordance with the regulations of the General Authority of Zakat and Income Tax ("GAZT"). Zakat expense is charged to the interim statement of income. Zakat is not accounted for as income tax and as such no deferred tax is calculated relating to zakat.

*Impact on the interim condensed statement of income*

The change in the accounting treatment for zakat and income tax (as explained in (note 3(b))) has the following impact on the line items of the statements of income, statement of financial position and changes in shareholders' equity:

As at and for the three-month period ended 30 September 2018:

Account	Financial statement impacted	As previously reported as at and for the three-month period ended 30 September 2018	Effect of Restatement	As restated as at and for the three-month period ended 30 September 2018
Zakat	Interim statement of income	-	(1,445)	-
Income tax charge	Interim statement of income	-	(114)	-
Net income for the period attributable to the shareholders	Interim statement of income	6,038	(1,559)	4,479
Earnings per share for the period (expressed in SR per share)	Interim statement of income	0.36	(0.09)	(0.27)
Zakat	Interim statement of changes in equity	1,445	(1,445)	-
Income tax charge	Interim statement of changes in equity	114	(114)	-
Total comprehensive income for the period	Interim statement of changes in equity	6,038	(1,559)	4,479



**ALAHLI TAKAFUL COMPANY – A SAUDI JOINT STOCK COMPANY**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)**  
At 30 September 2019

**3 SIGNIFICANT ACCOUNTING POLICIES (continued)**

**b) Change in accounting for Zakat and income tax (continued)**

As at and for the nine-month period ended 30 September 2018:

Account	Financial statement impacted	As previously reported as at and for the nine-month period ended 30 September 2018	Effect of restatement	As restated as at and for the nine-month period ended 30 September 2018
Zakat	Interim statement of income	-	(4,226)	(4,226)
Income tax charge	Interim statement of income	-	(504)	(504)
Net income for the period attributable to the shareholders	Interim statement of income	21,247	(4,730)	16,517
Earnings per share for the period (expressed in SR per share)	Interim statement of income	1.27	(0.28)	0.99
	Interim statement of changes in equity	4,226	(4,226)	-
Zakat	Interim statement of changes in equity	504	(504)	-
Income tax charge	Interim statement of comprehensive income and			
Total comprehensive income for the period	Interim statement of changes in equity	21,247	(4,730)	16,517

The financial impact of adoption of accounting policy for deferred tax is not material to the interim condensed financial statements, accordingly no deferred tax asset/liability is recognised.

**c) Standards and interpretations issued but not yet effective**

Standards and interpretation 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/</u> <u>Interpretation</u>	<u>Description</u>	<u>Effective from periods</u> <u>beginning on or after</u> <u>the following date</u>
IFRS 9	Financial Instruments	See below
IFRS 17	Insurance Contracts (see below)	1 January 2022

**IFRS 9- Financial Instruments**

In July 2014, the IASB published IFRS 9 Financial Instruments which will replace IAS 39 Financial Instruments: Recognition and Measurement. The standard incorporates new classification and measurements requirements for financial assets, the introduction of an expected credit loss (ECL) impairment model which will replace the incurred loss model of IAS 39, and new hedge accounting requirements. Under IFRS 9:

- All financial assets will be measured at either amortised cost or fair value. The basis of classification will depend on the business model and the contractual cash flows characteristics of the financial assets. The standard retains most of IAS 39's requirements for financial liabilities except for those designated at fair value through profit or loss whereby that part of the fair value changes attributable to own credit is to be recognised in other comprehensive income instead of the statement of income.
- IFRS 9 requires entities to record an allowance for ECLs for all loans and other debt financial assets not held at fair value through the statement of income as well as finance lease receivables, together with loan commitments and financial guarantee contracts. The allowance is based on the ECLs associated with the probability of default in the next twelve months unless there has been a significant increase in credit risk since origination. Under IFRS 9, credit losses are recognised earlier than under IAS 39.

**ALAHLI TAKAFUL COMPANY – A SAUDI JOINT STOCK COMPANY**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)**  
At 30 September 2019

**3 SIGNIFICANT ACCOUNTING POLICIES (continued)**

*c) Standards and interpretations issued but not yet effective (continued)*

- The hedge accounting requirements are more closely aligned with risk management practices and follow a more principle-based approach.

**IFRS 17- Insurance Contracts**

In September 2016, the IASB published amendments to IFRS 4 Insurance Contracts that address the accounting consequences of the application of IFRS 9 to insurers prior to the publication of the forthcoming accounting standard for insurance contracts. The amendments introduce two options for insurers: the deferral approach and the overlay approach. The deferral approach provides an entity, if eligible, with a temporary exemption from applying IFRS 9 until the earlier of the effective date of a new insurance contract standard or accounting periods commencing 1 January 2022. The overlay approach allows an entity to remove from profit or loss the effects of some of the accounting mismatches that may occur before the new insurance contracts standard is applied. Under the temporary exemption as introduced by amendments to IFRS 4, the reporting entities whose activities predominantly relate to “insurance” can defer the implementation of IFRS 9. The Company has assessed the implications and has concluded to defer the implementation of IFRS 9 until a later date which will not be later than 1 January 2022. The impact of the adoption of IFRS 9 on the Company’s interim condensed financial statements will, to a large extent, must take into account the interaction with the forthcoming insurance contracts standard. As such, it is not possible to fully assess the effect of the adoption of IFRS 9.

**4 CASH AND CASH EQUIVALENTS**

	<b>30 September 2019 (Unaudited)</b>		
	<i>Insurance operations</i>	<i>Shareholders’ operations</i>	<i>Total</i>
	<i>SR ‘000</i>	<i>SR ‘000</i>	<i>SR ‘000</i>
Cash in hand	16	-	16
Cash at bank (see note 4.1)	23,047	2,418	25,465
<b>Total</b>	<b>23,063</b>	<b>2,418</b>	<b>25,481</b>

	<b>31 December 2018 (Audited)</b>		
	<i>Insurance operations</i>	<i>Shareholders’ operations</i>	<i>Total</i>
	<i>SR ‘000</i>	<i>SR ‘000</i>	<i>SR ‘000</i>
Cash in hand	12	-	12
Cash at bank (see note 4.1)	16,442	2,417	18,859
<b>Total</b>	<b>16,454</b>	<b>2,417</b>	<b>18,871</b>

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

**5 CONTRIBUTIONS AND REINSURANCE RECEIVABLES – NET**

	<b>30 September 2019</b>	<b>31 December 2018</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>SR ‘000</b>	<b>SR ‘000</b>
Policyholders – net (refer ‘a’ below)	685	5,489
Related parties - net (see note 10) and (refer ‘a’ below)	16,367	66,932
Receivable from reinsurers – net	6,243	1,652
	<b>23,295</b>	<b>74,073</b>

a) Doubtful debts allowance on contribution receivable from policyholders (other than related parties) for the period ended 30 September 2019 amounted to SR 124 thousand (2018: SR 44 thousand) and contribution receivable from related parties for the period ended 30 September 2019 is amounted to SR 891 thousand (2018: SR 16 thousand).

**ALAHLI TAKAFUL COMPANY – A SAUDI JOINT STOCK COMPANY**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)**  
At 30 September 2019

**6 UNEARNED CONTRIBUTIONS**

	<i>30 September 2019 (Unaudited)</i>		
	<i>Gross SR'000</i>	<i>Reinsurance SR'000</i>	<i>Net SR'000</i>
Balance at the beginning of the period	4,974	(3,187)	1,787
Contributions written/(ceded) during the period	173,288	(29,007)	144,281
Contributions (earned)/paid or adjusted during the period	(175,702)	30,657	(145,045)
Balance at the end of the period	<u>2,560</u>	<u>(1,537)</u>	<u>1,023</u>

	<i>Year ended 31 December 2018 (Audited)</i>		
	<i>Gross SR'000</i>	<i>Reinsurance SR'000</i>	<i>Net SR'000</i>
Balance at the beginning of the year	4,998	(3,312)	1,686
Contributions written/(ceded) during the year	338,346	(105,611)	232,735
Contributions (earned)/paid or adjusted during the year	(338,370)	105,736	(232,634)
Balance at the end of the year	<u>4,974</u>	<u>(3,187)</u>	<u>1,787</u>

**7 UNIT-LINKED INVESTMENTS**

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

	<i>30 September 2019 (Unaudited) SR'000</i>	<i>31 December 2018 (Audited) SR'000</i>
<b><i>Investment held to cover unit-linked liabilities:</i></b>		
AlAhli Multi-Asset Conservative Fund	369,365	356,326
AlAhli Multi-Asset Moderate Fund	177,830	165,177
AlAhli Multi-Asset Growth Fund	138,857	125,572
	<u>686,052</u>	<u>647,075</u>

The movement in unit-linked investments during the nine-month period ended 30 September 2019 and year ended 31 December 2018 is as follows:

	<i>30 September 2019 (Unaudited) SR'000</i>	<i>31 December 2018 (Audited) SR'000</i>
Balance at the beginning of the period/year	647,075	694,409
Redemptions during the period/year	(14,000)	(43,000)
Unrealised gain/(loss) during the period/year (note 9.1(b))	52,977	(4,334)
Balance at the end of the period/year	<u>686,052</u>	<u>647,075</u>

**ALAHLI TAKAFUL COMPANY – A SAUDI JOINT STOCK COMPANY**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)**  
At 30 September 2019

**8 INVESTMENTS**

	<b>30 September 2019 (Unaudited) SR'000</b>	<b>31 December 2018 (Audited) SR'000</b>
<b>Fair value through income statement (FVIS)</b>		
Insurance operations (note 8.1)	<b>57,678</b>	47,805
Shareholders' operations (note 8.2)	<b>237,764</b>	238,808
	<b>295,442</b>	286,613

The carrying value and the fair value of the investments are the same.

**8.1 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 a FVIS investment upon initial recognition because it is managed on a fair value basis and its performance is actively monitored.

	<b>30 September 2019 (Unaudited) SR'000</b>	<b>31 December 2018 (Audited) SR'000</b>
AlAhli Diversified Saudi Riyal Trade Fund	<b>57,678</b>	47,805

The movement in the FVIS investments during the nine-month period ended 30 September 2019 and year ended 31 December 2018 is as follows:

	<b>30 September 2019 (Unaudited) SR'000</b>	<b>31 December 2018 (Audited) SR'000</b>
<b>Insurance Operations</b>		
Balance at the beginning of the period/year	<b>47,805</b>	76,942
Redemption	-	(40,000)
Transferred to FVIS Shareholders' Operations (see below 8.2)	<b>8,833</b>	9,667
Unrealised gain	<b>1,040</b>	1,196
<b>Balance at the end of the period/year</b>	<b>57,678</b>	47,805

**8.2 Shareholders' Operations – FVIS**

	<b>30 September 2019 (Unaudited) SR'000</b>	<b>31 December 2018 (Audited) SR'000</b>
AlAhli Takaful Discretionary Portfolio (see below)	<b>227,275</b>	219,877
Investment in a real estate fund	<b>7,026</b>	6,832
AlAhli Diversified Saudi Riyal Trade Fund	<b>3,463</b>	12,099
	<b>237,764</b>	238,808

AlAhli Takaful discretionary portfolio is managed by a subsidiary of the Company's major shareholder. The 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.

**ALAHLI TAKAFUL COMPANY – A SAUDI JOINT STOCK COMPANY**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)**  
At 30 September 2019

**8 INVESTMENTS (continued)**

**8.2 Shareholders' Operations – FVIS (continued)**

The movement in the FVIS investments during the nine-month period ended 30 September 2019 and year ended 31 December 2018 is as follows:

	<b>30 September 2019 (Unaudited) SR'000</b>	<b>31 December 2018 (Audited) SR'000</b>
<b>Shareholders' Operations</b>		
Balance at the beginning of the period/year	238,808	244,128
Transferred from FVIS Insurance Operations (see above 8.1)	(8,833)	(9,667)
Unrealised gain	7,789	4,347
<b>Balance at the end of the period/year</b>	<b>237,764</b>	<b>238,808</b>

**9 TECHNICAL RESERVES**

**9.1 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 September 2019 (Unaudited) SR'000</b>	<b>31 December 2018 (Audited) SR'000</b>
Technical reserve relating to the Participant Investment Strategies (unit-linked liability)	674,725	650,843
Allowance for the retained risk	2,672	3,382
	<b>677,397</b>	<b>654,225</b>

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

	<b>30 September 2019 (Unaudited) SR'000</b>	<b>31 December 2018 (Audited) SR'000</b>
Balance as at the beginning of the period/year	654,225	710,625
Change in allowance for the retained risk	(710)	(3,907)
Unrealised gain/(loss) on unit-linked investments (note 7)	52,977	(4,334)
Investible contributions	109,193	161,430
Maturities	(138,288)	(209,589)
<b>Balance as at the end of the period/year</b>	<b>677,397</b>	<b>654,225</b>

**ALAHLI TAKAFUL COMPANY – A SAUDI JOINT STOCK COMPANY**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)**  
At 30 September 2019

**9 TECHNICAL RESERVES (continued)**

**9.2 Incurred but Not Reported (IBNR) Reserves**

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

	<i>30 September 2019 (Unaudited) SR'000</i>	<i>31 December 2018 (Audited) SR'000</i>
IBNR reserves	<u>5,246</u>	<u>7,197</u>

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

	<i>30 September 2019 (Unaudited) SR'000</i>	<i>31 December 2018 (Audited) SR'000</i>
Balance as at the beginning of the period/year	7,197	6,268
Change in IBNR reserve	<u>(1,951)</u>	<u>929</u>
<b>Balance as at the end of the period/year</b>	<u><b>5,246</b></u>	<u><b>7,197</b></u>

**10 RELATED PARTY TRANSACTIONS AND BALANCES**

Related parties represent major shareholders, directors and key management personnel of the Company and entities controlled, jointly controlled or significantly influenced by such parties. All transactions with such related parties are conducted on normal terms and conditions, which are approved by the management.

Following are the details of major related party transactions during the period ended 30 September 2019 and 30 September 2018:

<i><u>Name</u></i>	<i><u>Relationship</u></i>	<i><u>Nature of transactions</u></i>	<i><u>Amount of transactions for three-month period ended</u></i>		<i><u>Amount of transactions for nine-month period ended</u></i>	
			<i>30 September 2019 (Unaudited) SR'000</i>	<i>30 September 2018 (Unaudited) SR'000</i>	<i>30 September 2019 (Unaudited) SR'000</i>	<i>30 September 2018 (Unaudited) SR'000</i>
The National Commercial Bank	Shareholder	Gross Group Insurance contributions	11,619	66,771	39,629	136,969
		Gross claims paid	14,317	21,383	77,758	73,269
FWU	Shareholder	Administration fee	389	468	1,217	1,450
NCB Capital Company	Subsidiary of a shareholder	Investment fund fee	1,319	1,285	3,807	3,820
Key management personnel		Short-term benefits	979	906	2,810	2,717
		End of service benefits	59	37	158	109



**ALAHLI TAKAFUL COMPANY – A SAUDI JOINT STOCK COMPANY**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)**  
At 30 September 2019

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

**a) Receivable from/(payable to) related parties**

	<b><u>30 September</u></b> <b><u>2019</u></b> <b>(Unaudited)</b> <b>SR'000</b>	<b><u>31 December</u></b> <b><u>2018</u></b> <b>(Audited)</b> <b>SR'000</b>
Receivable from The National Commercial Bank - a shareholder (note 5)	<b>16,367</b>	66,932
Accrued investment fund fee receivable from subsidiary of a Shareholder	<b>641</b>	429
Payable to FWU – a shareholder	<b>(127)</b>	(143)
Payable to AlAhli Insurance Marketing Services Company Limited - subsidiary of a shareholder	<b>(795)</b>	(2,206)
	<b>(922)</b>	(2,349)
Outstanding claims payable to National Commercial Bank - a shareholder - gross	<b>(28,252)</b>	(60,891)

**b) Board and other committees' remuneration and related expenses**

	<b><u>Amount of transactions</u></b> <b><u>for three-month period ended</u></b>		<b><u>Amount of transactions</u></b> <b><u>for nine-month period ended</u></b>	
	<b><u>30 September</u></b> <b><u>2019</u></b> <b>(Unaudited)</b> <b>SR'000</b>	<b><u>30 September</u></b> <b><u>2018</u></b> <b>(Unaudited)</b> <b>SR'000</b>	<b><u>30 September</u></b> <b><u>2019</u></b> <b>(Unaudited)</b> <b>SR'000</b>	<b><u>30 September</u></b> <b><u>2018</u></b> <b>(Unaudited)</b> <b>SR'000</b>
Board and other committees' remuneration	<b>445</b>	554	<b>1,704</b>	1,781
Board and other committee's attendance fees	<b>10</b>	114	<b>350</b>	406
Board accommodation and travel	<b>62</b>	-	<b>101</b>	-

In addition to the disclosures set out in notes 4, 5, 7 and 8 relating to related parties, amounts due from and due to related parties are shown in the Interim Statement of Financial Position. Further, payable to related parties are as following:

	<b><u>30 September</u></b> <b><u>2019</u></b> <b>(Unaudited)</b> <b>SR'000</b>	<b><u>31 December</u></b> <b><u>2018</u></b> <b>(Audited)</b> <b>SR'000</b>
Remuneration and other expenses payable to Board and other committees	<b>(495)</b>	(3,143)

**ALAHLI TAKAFUL COMPANY – A SAUDI JOINT STOCK COMPANY**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)**  
At 30 September 2019

**11 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 nine-month period ended 30 September 2019 and year ended 31 December 2018 is as follows:

	<b>Zakat 2019 SR'000</b>	<b>Tax 2019 SR'000</b>	<b>30 September 2019 (Unaudited) SR'000</b>	<b>31 December 2018 (Audited) SR'000</b>
Balance at the beginning of the period/year	23,585	275	23,860	22,422
Charge for the period/year	4,626	213	4,839	6,333
Zakat and income tax paid	(526)	(488)	(1,014)	(4,895)
Balance at the end of the period/year	<u>27,685</u>	<u>-</u>	<u>27,685</u>	<u>23,860</u>

**Status of assessments**

Zakat and income tax returns have been submitted to the General Authority of Zakat and Tax (GAZT) for the period ended 31 December 2007 and for the years ended 31 December 2008 through 2018.

The GAZT raised an 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 liability 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 the Company on certain items. The Company has filed an appeal against the HAC decision with the Board of Grievances [BOG]. The management is confident of a favourable outcome from the BOG.

The GAZT has issued assessments for the years 2010 through 2012, demanding additional Zakat liability of SR 3,680 thousand and withholding tax liability of SR 1,189 thousand. The Company filed an appeal with GAZT against these assessments. However, the Company settled zakat for years 2010 to 2012 of SR 3,052 thousand while objecting on certain items. The GAZT has issued revised assessments for the years 2010 through 2012 which claiming additional Zakat liability of SR 400 thousand. The Company's objection for Zakat and tax was transferred to the Dispute Resolution Committee to assign a hearing session for discussion. With respect to WHT, the Dispute Resolution committee accepted the Company's WHT approach. Accordingly, the Company reached to final settlement of SR 700 thousand, which has been settled by the Company. Moreover, the same committee accepted the deduction of the statutory deposit and consequently no Zakat liability is due on the Company and its Zakat and tax status for the years 2010 to 2012 are considered finalized.

The GAZT has issued initial assessments for the years 2013 through 2014, demanding additional Zakat liability of SR 2,585 thousand and SR 2,622 thousand, respectively. The Company filed an appeal with GAZT against these assessments. In line of the Dispute Resolution committee treatment of WHT for the years 2010 to 2012, the GAZT agreed to apply the new WHT approach for the years 2013 through 2017. The Company settled SR 10.8 million for the years 2013 through 2017 and finalized its WHT status for the said years.

The GAZT has not yet raised any assessment for years 2015 to 2018.

**12 OPERATING SEGMENT INFORMATION**

Operating segments are reported in a 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 the 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 two 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, and credit protection benefits in respect of personal loans 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.

The unallocated assets and liabilities are not reported to the chief operating decision maker under related segments and are monitored on a centralized basis. Shareholders' operations are separated from operating segments and disclosed for presentation purposes only in a separate column.

**ALAHLI TAKAFUL COMPANY – A SAUDI JOINT STOCK COMPANY**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)**  
At 30 September 2019

**12 OPERATING SEGMENT INFORMATION (continued)**

	<i>As at 30 September 2019 (Unaudited)</i>				
	<i>Insurance - individual SR'000</i>	<i>Insurance- group SR'000</i>	<i>Total - Insurance operations SR'000</i>	<i>Shareholders' operations SR'000</i>	<i>Total SR'000</i>
<b>ASSETS</b>					
Cash and cash equivalents	14,817	8,246	23,063	2,418	25,481
Contributions and reinsurance receivables – net	-	23,295	23,295	-	23,295
Reinsurance share of unearned contributions	-	1,537	1,537	-	1,537
Reinsurance share of outstanding claims	1,534	12,963	14,497	-	14,497
Unit-linked investments	686,052	-	686,052	-	686,052
Investments	18,894	38,784	57,678	237,764	295,442
Accrued income	641	-	641	-	641
	<u>721,938</u>	<u>84,825</u>	<u>806,763</u>	<u>240,182</u>	<u>1,046,945</u>
Unallocated amounts:					
- Prepayments and other assets			1,949	5,272	7,221
- Furniture, fittings and office equipment			1,876	-	1,876
- Intangible assets			1,142	-	1,142
- Statutory deposit			-	16,667	16,667
- Accrued income on statutory deposit			-	1,839	1,839
<b>TOTAL ASSETS</b>			<u>811,730</u>	<u>263,960</u>	<u>1,075,690</u>
<b>LIABILITIES</b>					
Accrued and other liabilities	11,088	13,700	24,788	-	24,788
Reinsurance balances payable	4,227	27,873	32,100	-	32,100
Unearned contributions	-	2,560	2,560	-	2,560
Outstanding claims	2,296	32,903	35,199	-	35,199
Technical Reserve for Insurance Operations	675,961	1,436	677,397	-	677,397
Incurred But Not Reported (IBNR) reserves	943	4,303	5,246	-	5,246
Due to related parties	922	-	922	-	922
	<u>695,437</u>	<u>82,775</u>	<u>778,212</u>	<u>-</u>	<u>778,212</u>
Unallocated amounts:					
- Accrued and other liabilities			3,965	1,395	5,360
- End-of-service indemnities			2,328	-	2,328
- Surplus from Insurance Operations			19,863	-	19,863
- Zakat and income tax			-	27,685	27,685
- Dividends payable			-	8	8
- Accrued income payable to SAMA			-	1,839	1,839
<b>TOTAL LIABILITIES</b>			<u>804,368</u>	<u>30,927</u>	<u>835,295</u>

**ALAHLI TAKAFUL COMPANY – A SAUDI JOINT STOCK COMPANY**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)**  
At 30 September 2019

**12 OPERATING SEGMENT INFORMATION (continued)**

	<i>As at 31 December 2018 (Audited)</i>				
	<i>Insurance - individual SR '000</i>	<i>Insurance- group SR '000</i>	<i>Total - Insurance operations SR '000</i>	<i>Shareholders' operations SR '000</i>	<i>Total SR '000</i>
<b>ASSETS</b>					
Cash and cash equivalents	15,862	592	16,454	2,417	18,871
Contributions and reinsurance receivables – net	-	74,073	74,073	-	74,073
Reinsurance share of unearned contributions	-	3,187	3,187	-	3,187
Reinsurance share of outstanding claims	2,219	38,471	40,690	-	40,690
Unit-linked investments	647,075	-	647,075	-	647,075
Investments	18,955	28,850	47,805	238,808	286,613
Accrued income	429	-	429	-	429
	<u>684,540</u>	<u>145,173</u>	<u>829,713</u>	<u>241,225</u>	<u>1,070,938</u>
Unallocated amounts:					
- Prepayments and other assets			910	4,583	5,493
- Furniture, fittings and office equipment			1,712	-	1,712
- Intangible assets			2,347	-	2,347
- Statutory deposit			-	16,667	16,667
- Accrued income on statutory deposit			-	1,464	1,464
<b>TOTAL ASSETS</b>			<u>834,682</u>	<u>263,939</u>	<u>1,098,621</u>
<b>LIABILITIES</b>					
Accrued and other liabilities	6,268	21,720	27,988	-	27,988
Reinsurance balances payable	3,980	42,409	46,389	-	46,389
Unearned contributions	-	4,974	4,974	-	4,974
Technical Reserve for Insurance Operations	652,384	1,841	654,225	-	654,225
Outstanding claims	2,906	63,969	66,875	-	66,875
Incurred But Not Reported (IBNR) reserves	779	6,418	7,197	-	7,197
Due to related parties	2,349	-	2,349	-	2,349
	<u>668,666</u>	<u>141,331</u>	<u>809,997</u>	<u>-</u>	<u>809,997</u>
Unallocated amounts:					
- Accrued and other liabilities			3,842	3,894	7,736
- End-of-service indemnities			1,809	-	1,809
- Surplus from Insurance Operations			19,010	-	19,010
- Zakat and income tax			-	23,860	23,860
- Dividends payable			-	8	8
- Accrued income payable to SAMA			-	1,464	1,464
<b>TOTAL LIABILITIES</b>			<u>834,658</u>	<u>29,226</u>	<u>863,884</u>

**ALAHLI TAKAFUL COMPANY – A SAUDI JOINT STOCK COMPANY**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)**  
At 30 September 2019

**12 OPERATING SEGMENT INFORMATION (continued)**

	<i>Three-month period ended 30 September 2019 (Unaudited)</i>		
	<i>Insurance - individual SR'000</i>	<i>Insurance- group SR'000</i>	<i>Total SR'000</i>
<b>REVENUE</b>			
Gross contributions written:			
- Individual	42,085	-	42,085
- Micro enterprises	-	-	-
- Small enterprises	-	41	41
- Medium enterprises	-	44	44
- Large enterprises	-	12,893	12,893
<b>Total gross contributions written</b>	<b>42,085</b>	<b>12,978</b>	<b>55,063</b>
Investible contributions, net	(35,351)	-	(35,351)
Net Insurance contributions	6,734	12,978	19,712
Reinsurance contributions ceded:			
- Local	-	-	-
- Foreign	(86)	(7,676)	(7,762)
<b>Net contributions written</b>	<b>6,648</b>	<b>5,302</b>	<b>11,950</b>
Change in unearned contributions – net	-	937	937
<b>Net contributions earned</b>	<b>6,648</b>	<b>6,239</b>	<b>12,887</b>
Investment fund fee	1,319	-	1,319
<b>TOTAL REVENUES</b>	<b>7,967</b>	<b>6,239</b>	<b>14,206</b>
<b>UNDERWRITING COSTS AND EXPENSES</b>			
Gross claims paid	(178)	(12,434)	(12,612)
Reinsurer's share of claims paid	98	8,451	8,549
<b>Net claims and other benefits paid</b>	<b>(80)</b>	<b>(3,983)</b>	<b>(4,063)</b>
Changes in outstanding claims – net	291	(1,460)	(1,169)
Changes in claims incurred but not reported, net	(179)	(236)	(415)
<b>Net claims and other benefits incurred</b>	<b>32</b>	<b>(5,679)</b>	<b>(5,647)</b>
Changes in technical reserves, net	41	1,551	1,592
Policy acquisition costs	(448)	(123)	(571)
Other underwriting expenses	(210)	(65)	(275)
<b>TOTAL UNDERWRITING COSTS AND EXPENSES, NET</b>	<b>(585)</b>	<b>(4,316)</b>	<b>(4,901)</b>
<b>NET UNDERWRITING INCOME</b>	<b>7,382</b>	<b>1,923</b>	<b>9,305</b>
<b>OTHER OPERATING INCOME/(EXPENSES)</b>			
Unallocated amounts:			
- Additions to doubtful debts allowance			(838)
- General and administration expenses			(8,074)
- Unrealised gain on FVIS investments			2,347
- Realised gain on FVIS investments			74
- Other income			1,448
<b>TOTAL OTHER OPERATING INCOME/(EXPENSES)</b>			<b>(5,043)</b>
<b>Net income for the period</b>			<b>4,262</b>
Net income attributed to the insurance operations			(359)
<b>Net income for the period attributable to the shareholders, before zakat and income tax</b>			<b>3,903</b>
Zakat			(1,568)
Income tax			(194)
<b>Net income for the period attributable to the shareholders, after zakat and income tax</b>			<b>2,141</b>

**ALAHLI TAKAFUL COMPANY – A SAUDI JOINT STOCK COMPANY**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)**  
At 30 September 2019

**12 OPERATING SEGMENT INFORMATION (continued)**

	<i>Three-month period ended 30 September 2018</i> <i>(Unaudited)</i>		
	<i>Insurance - individual SR'000</i>	<i>Insurance- group SR'000</i>	<i>Total SR'000</i>
<b>REVENUE</b>			
Gross contributions written			
- Individual	47,299	-	47,299
- Micro enterprises	-	-	-
- Small enterprises	-	71	71
- Medium enterprises	-	(15)	(15)
- Large enterprises	-	67,691	67,691
<b>Total gross contributions written</b>	47,299	67,747	115,046
Investible contributions, net	(40,099)	-	(40,099)
Net Insurance contributions	7,200	67,747	74,947
Reinsurance contributions ceded:			
- Local	-	-	-
- Foreign	(819)	(46,007)	(46,826)
<b>Net contributions written</b>	6,381	21,740	28,121
Change in unearned contributions – net	-	(9,909)	(9,909)
<b>Net contributions earned</b>	6,381	11,831	18,212
Investment fund fee	1,285	-	1,285
<b>TOTAL REVENUES</b>	7,666	11,831	19,497
<b>UNDERWRITING COSTS AND EXPENSES</b>			
Gross claims paid	(21)	(24,312)	(24,333)
Reinsurer's share of claims paid	15	20,079	20,094
<b>Net claims and other benefits paid</b>	(6)	(4,233)	(4,239)
Changes in outstanding claims – net	126	(4,040)	(3,914)
Changes in claims incurred but not reported, net	(19)	193	174
<b>Net claims and other benefits incurred</b>	101	(8,080)	(7,979)
Changes in technical reserves, net	(392)	2,129	1,737
Policy acquisition costs	(528)	(100)	(628)
Other underwriting expenses	(237)	(339)	(576)
<b>TOTAL UNDERWRITING COSTS AND EXPENSES</b>	(1,056)	(6,390)	(7,446)
<b>NET UNDERWRITING INCOME</b>	6,610	5,441	12,051
<b>OTHER OPERATING INCOME/(EXPENSES)</b>			
Unallocated amounts:			
- Reversal of doubtful debts allowance			108
- General and administration expenses			(7,282)
- Unrealised gain on FVIS investments			1,753
- Realised gain on FVIS investments			108
<b>TOTAL OTHER OPERATING EXPENSES</b>			(5,313)
<b>Net income for the period</b>			6,738
Net income attributed to the insurance operations			(700)
<b>Net income for the period attributable to the shareholders, before Zakat and income tax</b>			6,038
Zakat			(1,445)
Income tax			(114)
<b>Net income for the period attributable to the shareholders, after Zakat and income tax</b>			4,479



**ALAHLI TAKAFUL COMPANY – A SAUDI JOINT STOCK COMPANY**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)**  
At 30 September 2019

**12 OPERATING SEGMENT INFORMATION (continued)**

	<i>Nine-month period ended 30 September 2019 (Unaudited)</i>		
	<i>Insurance - individual SR'000</i>	<i>Insurance- group SR'000</i>	<i>Total SR'000</i>
<b>REVENUE</b>			
Gross contributions written:			
- Individual	129,749	-	129,749
- Micro enterprises	-	-	-
- Small enterprises	-	60	60
- Medium enterprises	-	244	244
- Large enterprises	-	43,235	43,235
<b>Total gross contributions written</b>	<b>129,749</b>	<b>43,539</b>	<b>173,288</b>
Investible contributions, net	(109,193)	-	(109,193)
Net Insurance contributions	20,556	43,539	64,095
Reinsurance contributions ceded:			
- Local	-	-	-
- Foreign	(2,628)	(26,379)	(29,007)
<b>Net contributions written</b>	<b>17,928</b>	<b>17,160</b>	<b>35,088</b>
Change in unearned contributions – net	-	764	764
<b>Net contributions earned</b>	<b>17,928</b>	<b>17,924</b>	<b>35,852</b>
Investment fund fee	3,807	-	3,807
<b>TOTAL REVENUES</b>	<b>21,735</b>	<b>17,924</b>	<b>39,659</b>
<b>UNDERWRITING COSTS AND EXPENSES</b>			
Gross claims paid	(759)	(81,099)	(81,858)
Reinsurer's share of claims paid	416	60,331	60,747
<b>Net claims and other benefits paid</b>	<b>(343)</b>	<b>(20,768)</b>	<b>(21,111)</b>
Changes in outstanding claims – net	(75)	5,558	5,483
Changes in claims incurred but not reported, net	(164)	2,115	1,951
<b>Net claims and other benefits incurred</b>	<b>(582)</b>	<b>(13,095)</b>	<b>(13,677)</b>
Changes in technical reserves, net	304	406	710
Policy acquisition costs	(1,448)	(350)	(1,798)
Other underwriting expenses	(649)	(218)	(867)
<b>TOTAL UNDERWRITING COSTS AND EXPENSES, NET</b>	<b>(2,375)</b>	<b>(13,257)</b>	<b>(15,632)</b>
<b>NET UNDERWRITING INCOME</b>	<b>19,360</b>	<b>4,667</b>	<b>24,027</b>
<b>OTHER OPERATING INCOME/(EXPENSES)</b>			
Unallocated amounts:			
- Additions to doubtful debts allowance			(955)
- General and administration expenses			(23,293)
- Unrealised gain on FVIS investments			8,829
- Realised gain on FVIS investments			220
- Other income			2,859
<b>TOTAL OTHER OPERATING INCOME/(EXPENSES)</b>			<b>(12,340)</b>
<b>Net income for the period</b>			<b>11,687</b>
Net income attributed to the insurance operations			(853)
<b>Net income for the period attributable to the shareholders, before zakat and income tax</b>			<b>10,834</b>
Zakat			(4,626)
Income tax			(213)
<b>Net income for the period attributable to the shareholders, after zakat and income tax</b>			<b>5,995</b>

**ALAHLI TAKAFUL COMPANY – A SAUDI JOINT STOCK COMPANY**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)**  
At 30 September 2019

**12 OPERATING SEGMENT INFORMATION (continued)**

	<i>Nine-month period ended 30 September 2018 (Unaudited)</i>		
	<i>Insurance - individual SR '000</i>	<i>Insurance- group SR '000</i>	<i>Total SR '000</i>
<b>REVENUE</b>			
Gross contributions written			
- Individual	146,359	-	146,359
- Micro enterprises	-	-	-
- Small enterprises	-	71	71
- Medium enterprises	-	102	102
- Large enterprises	-	140,099	140,099
<b>Total gross contributions written</b>	146,359	140,272	286,631
Investible contributions, net	(123,111)	-	(123,111)
Net Insurance contributions	23,248	140,272	163,520
Reinsurance contributions ceded:			
- Local	-	-	-
- Foreign	(2,491)	(96,001)	(98,492)
<b>Net contributions written</b>	20,757	44,271	65,028
Change in unearned contributions - net	-	(10,540)	(10,540)
<b>Net contributions earned</b>	20,757	33,731	54,488
Investment fund fee	3,820	-	3,820
<b>TOTAL REVENUES</b>	24,577	33,731	58,308
<b>UNDERWRITING COSTS AND EXPENSES</b>			
Gross claims paid	(232)	(77,178)	(77,410)
Reinsurer's share of claims paid	174	65,812	65,986
<b>Net claims and other benefits paid</b>	(58)	(11,366)	(11,424)
Changes in outstanding claims – net	(152)	(5,076)	(5,228)
Changes in claims incurred but not reported, net	(249)	(1,916)	(2,165)
<b>Net claims and other benefits incurred</b>	(459)	(18,358)	(18,817)
Changes in technical reserves, net	270	1,281	1,551
Policy acquisition costs	(1,634)	(257)	(1,891)
Other underwriting expenses	(732)	(702)	(1,434)
<b>TOTAL UNDERWRITING COSTS AND EXPENSES</b>	(2,555)	(18,036)	(20,591)
<b>NET UNDERWRITING INCOME</b>	22,022	15,695	37,717
<b>OTHER OPERATING INCOME/(EXPENSES)</b>			
Unallocated amounts:			
- Reversal of doubtful debts allowance			747
- General and administration expenses			(19,744)
- Unrealised gain on FVIS investments			4,645
- Realised gain on FVIS investments			336
<b>TOTAL OTHER OPERATING EXPENSES</b>			(14,016)
<b>Net income for the period</b>			23,701
Net income attributed to the insurance operations			(2,454)
<b>Net income for the period attributable to the shareholders, before Zakat and income tax</b>			21,247
Zakat			(4,226)
Income tax			(504)
<b>Net income for the period attributable to the shareholders, after Zakat and income tax</b>			16,517

**ALAHLI TAKAFUL COMPANY – A SAUDI JOINT STOCK COMPANY**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)**  
At 30 September 2019

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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 in hand and at banks, unit-linked investments, Fair Value through Income Statement investments (FVIS), contributions and reinsurance receivables, other receivables and its financial liabilities consist of outstanding claims, reinsurance balances payable, amount due to related parties, and other payables. The fair values of financial instruments are not materially different from their carrying values. As at 30 September 2019, apart from the investments which are carried at fair value (notes 7 and 8), 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 September 2019 and 31 December 2018, all financial instruments which are fair valued are Level 1 instruments except for investment in real estate fund and AlAhli Takaful discretionary portfolio which were Level 2 instruments. 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 were 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 after Zakat and Tax attributable to the shareholders by the weighted average number of ordinary issued and outstanding shares at the statement of financial position date. Diluted earnings per share is not applicable to the Company.

**15 DIVIDEND**

On 24 Rajab 1439H (corresponding to 10 April 2018), the Company's Board of Directors ("BoD") proposed to pay a dividend, for the year ended 31 December 2017, of SR 0.75 per share totaling SR 12.5 million to its shareholders (during the year 2017, for the year ended 31 December 2016: SR 0.5 per share totaling SR 8.33 million). This dividend proposal was approved by the shareholders in the Ordinary General Assembly Meeting held on 7 Sha'ban 1439H (corresponding to 23 April 2018).

**ALAHLI TAKAFUL COMPANY – A SAUDI JOINT STOCK COMPANY**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)**  
At 30 September 2019

**16 SUPPLEMENTARY INFORMATION**

**a) INTERIM STATEMENT OF FINANCIAL POSITION**

	<i><u>Insurance operations</u></i>	<i><u>Shareholders' operations</u></i>	<i><u>30 September 2019 (Unaudited)</u></i>	<i><u>Insurance operations</u></i>	<i><u>Shareholders' operations</u></i>	<i><u>31 December 2018 (Audited)</u></i>
	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>
<b>ASSETS</b>						
Cash and cash equivalents	23,063	2,418	25,481	16,454	2,417	18,871
Contributions and reinsurance receivables – net	23,295	-	23,295	74,073	-	74,073
Reinsurance share of unearned contributions	1,537		1,537	3,187	-	3,187
Reinsurance share of outstanding claims	14,497		14,497	40,690	-	40,690
Unit-linked investments	686,052	-	686,052	647,075	-	647,075
Due from insurance Operations	-	7,675	7,675	-	-	-
Investments	57,678	237,764	295,442	47,805	238,808	286,613
Accrued income	641	-	641	429	-	429
Prepayments and other assets	1,949	5,272	7,221	910	4,583	5,493
Furniture, fittings and office equipment	1,876	-	1,876	1,712	-	1,712
Intangible assets	1,142	-	1,142	2,347	-	2,347
Statutory deposit	-	16,667	16,667	-	16,667	16,667
Accrued income on statutory deposit	-	1,839	1,839	-	1,464	1,464
	<u>811,730</u>	<u>271,635</u>	<u>1,083,365</u>	<u>834,682</u>	<u>263,939</u>	<u>1,098,621</u>
Less:- Inter-operations eliminations	<u>-</u>	<u>(7,675)</u>	<u>(7,675)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u><u>811,730</u></u>	<u><u>263,960</u></u>	<u><u>1,075,690</u></u>	<u><u>834,682</u></u>	<u><u>263,939</u></u>	<u><u>1,098,621</u></u>

**ALAHLI TAKAFUL COMPANY – A SAUDI JOINT STOCK COMPANY**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)**  
At 30 September 2019

**16 SUPPLEMENTARY INFORMATION (continued)**

**a) INTERIM STATEMENT OF FINANCIAL POSITION (continued)**

	<i>Insurance operations</i>	<i>Shareholders' operations</i>	<i>30 September 2019 (Unaudited)</i>	<i>Insurance operations</i>	<i>Shareholders' operations</i>	<i>31 December 2018 (Audited)</i>
	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>
<b>LIABILITIES</b>						
Accrued and other liabilities	28,753	1,395	30,148	31,830	3,894	35,724
Reinsurance balances payable	32,100	-	32,100	46,389	-	46,389
Unearned contributions	2,560	-	2,560	4,974	-	4,974
Technical Reserve for Insurance Operations	677,397	-	677,397	654,225	-	654,225
Outstanding claims Incurred But Not Reported (IBNR) reserves	35,199	-	35,199	66,875	-	66,875
Due to Shareholders' Operations	5,246	-	5,246	7,197	-	7,197
Due to related parties	7,675	-	7,675	2,349	-	2,349
End-of-service indemnities	922	-	922	1,809	-	1,809
Surplus from Insurance Operations	2,328	-	2,328	1,809	-	1,809
Zakat and income tax	19,863	-	19,863	19,010	-	19,010
Dividends payable	-	27,685	27,685	-	23,860	23,860
Accrued income payable to SAMA	-	8	8	-	8	8
	-	1,839	1,839	-	1,464	1,464
	<u>812,043</u>	<u>30,927</u>	<u>842,970</u>	<u>834,658</u>	<u>29,226</u>	<u>863,884</u>
Less:- Inter-operations eliminations	(7,675)	-	(7,675)	-	-	-
<b>TOTAL LIABILITIES</b>	<u>804,368</u>	<u>30,927</u>	<u>835,295</u>	<u>834,658</u>	<u>29,226</u>	<u>863,884</u>
<b>EQUITY</b>						
Share capital	-	166,667	166,667	-	166,667	166,667
Statutory reserve	-	29,626	29,626	-	28,427	28,427
Retained earnings	-	44,415	44,415	-	39,619	39,619
Re-measurement reserve of defined benefit obligation	(313)	-	(313)	24	-	24
<b>TOTAL EQUITY</b>	<u>(313)</u>	<u>240,708</u>	<u>240,395</u>	<u>24</u>	<u>234,713</u>	<u>234,737</u>
<b>TOTAL LIABILITIES AND EQUITY</b>	<u>804,055</u>	<u>271,635</u>	<u>1,075,690</u>	<u>834,682</u>	<u>263,939</u>	<u>1,098,621</u>

**ALAHLI TAKAFUL COMPANY – A SAUDI JOINT STOCK COMPANY**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)**  
At 30 September 2019

**16 SUPPLEMENTARY INFORMATION (continued)**

**b) INTERIM STATEMENT OF INCOME**

	<i>Three-month period ended 30 September (Unaudited)</i>					
	<i>Insurance operations</i>	<i>Shareholders' operations</i>	<i>2019</i>	<i>Insurance operations</i>	<i>Shareholders' operations</i>	<i>2018</i>
	<u><i>SR'000</i></u>	<u><i>SR'000</i></u>	<u><i>SR'000</i></u>	<u><i>SR'000</i></u>	<u><i>SR'000</i></u>	<u><i>SR'000</i></u>
<b><u>REVENUES</u></b>						
Gross contributions written	<b>55,063</b>	-	<b>55,063</b>	115,046	-	115,046
Investible contribution, net	<b>(35,351)</b>	-	<b>(35,351)</b>	(40,099)	-	(40,099)
Net Insurance contributions						
Reinsurance contributions ceded:	<b>19,712</b>	-	<b>19,712</b>	74,947	-	74,947
- Local	-	-	-	-	-	-
- Foreign	<b>(7,762)</b>	-	<b>(7,762)</b>	(46,826)	-	(46,826)
<b>Net contributions written</b>	<b>11,950</b>	-	<b>11,950</b>	28,121	-	28,121
Change in unearned contributions - net	<b>937</b>	-	<b>937</b>	(9,909)	-	(9,909)
<b>Net contributions earned</b>	<b>12,887</b>	-	<b>12,887</b>	18,212	-	18,212
Investment fund fee	<b>1,319</b>	-	<b>1,319</b>	1,285	-	1,285
<b>TOTAL REVENUES</b>	<b>14,206</b>	-	<b>14,206</b>	19,497	-	19,497
<b><u>UNDERWRITING COSTS AND EXPENSES</u></b>						
Gross claims paid	<b>(12,612)</b>	-	<b>(12,612)</b>	(24,333)	-	(24,333)
Reinsurers' share of claims paid	<b>8,549</b>	-	<b>8,549</b>	20,094	-	20,094
<b>Net claims and other benefits paid</b>	<b>(4,063)</b>	-	<b>(4,063)</b>	(4,239)	-	(4,239)
Changes in outstanding claims – net	<b>(1,169)</b>	-	<b>(1,169)</b>	(3,914)	-	(3,914)
Changes in claims incurred but not reported, net	<b>(415)</b>	-	<b>(415)</b>	174	-	174
<b>Net claims and other benefits incurred</b>	<b>(5,647)</b>	-	<b>(5,647)</b>	(7,979)	-	(7,979)
Changes in technical reserves, net	<b>1,592</b>	-	<b>1,592</b>	1,737	-	1,737
Policy acquisition costs	<b>(571)</b>	-	<b>(571)</b>	(628)	-	(628)
Other underwriting expenses	<b>(275)</b>	-	<b>(275)</b>	(576)	-	(576)
<b>TOTAL UNDERWRITING COSTS AND EXPENSES</b>	<b>(4,901)</b>	-	<b>(4,901)</b>	(7,446)	-	(7,446)
<b>NET UNDERWRITING INCOME</b>	<b>9,305</b>	-	<b>9,305</b>	12,051	-	12,051



**ALAHLI TAKAFUL COMPANY – A SAUDI JOINT STOCK COMPANY**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)**  
At 30 September 2019

**16 SUPPLEMENTARY INFORMATION (continued)**

**b) INTERIM STATEMENT OF INCOME (continued)**

	<i>Three-month period ended 30 September (Unaudited)</i>					
	<i>Insurance operations</i>	<i>Shareholders' operations</i>	<i>2019</i>	<i>Insurance operations</i>	<i>Shareholders' operations</i>	<i>2018</i>
	<u><i>SR'000</i></u>	<u><i>SR'000</i></u>	<u><i>SR'000</i></u>	<u><i>SR'000</i></u>	<u><i>SR'000</i></u>	<u><i>SR'000</i></u>
<b><u>OTHER OPERATING INCOME/ (EXPENSES)</u></b>						
(Additions to)/reversal of doubtful debts allowance	(838)	-	(838)	108	-	108
General and administration expenses	(6,743)	(1,331)	(8,074)	(5,635)	(1,647)	(7,282)
Unrealised gain on FVIS investments	350	1,997	2,347	387	1,366	1,753
Realised gain on FVIS investments	64	10	74	87	21	108
Other income	1,448	-	1,448	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b><u>TOTAL OTHER OPERATING (EXPENSES)/ INCOME</u></b>	<b>(5,719)</b>	<b>676</b>	<b>(5,043)</b>	<b>(5,053)</b>	<b>(260)</b>	<b>(5,313)</b>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b><u>NET SURPLUS FROM OPERATIONS</u></b>	<b>3,586</b>	<b>676</b>	<b>4,262</b>	<b>6,998</b>	<b>(260)</b>	<b>6,738</b>
Surplus transferred to Shareholders	(3,227)	3,227	-	(6,298)	6,298	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b><u>NET INCOME FOR THE PERIOD BEFORE ZAKAT AND INCOME TAX</u></b>	<b>359</b>	<b>3,903</b>	<b>4,262</b>	<b>700</b>	<b>6,038</b>	<b>6,738</b>
Zakat	-	(1,568)	(1,568)	-	(1,445)	(1,445)
Income tax	-	(194)	(194)	-	(114)	(114)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b><u>NET INCOME FOR THE PERIOD AFTER ZAKAT AND INCOME TAX</u></b>	<b>359</b>	<b>2,141</b>	<b>2,500</b>	<b>700</b>	<b>4,479</b>	<b>5,179</b>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Weighted averages number of ordinary shares outstanding (in thousands)	-	16,667	-	-	16,667	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Earnings per share for the period (SR)	-	0.13	-	-	0.27	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

**ALAHLI TAKAFUL COMPANY – A SAUDI JOINT STOCK COMPANY**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)**  
At 30 September 2019

**16 SUPPLEMENTARY INFORMATION (continued)**

**b) INTERIM STATEMENT OF INCOME (continued)**

	<i>Nine-month period ended 30 September (Unaudited)</i>					
	<i>Insurance operations</i>	<i>Shareholders' operations</i>	<i>2019</i>	<i>Insurance operations</i>	<i>Shareholders' operations</i>	<i>2018</i>
	<u><i>SR'000</i></u>	<u><i>SR'000</i></u>	<u><i>SR'000</i></u>	<u><i>SR'000</i></u>	<u><i>SR'000</i></u>	<u><i>SR'000</i></u>
<b><u>REVENUES</u></b>						
Gross contributions written	<b>173,288</b>	-	<b>173,288</b>	286,631	-	286,631
Investible contributions, net	<b>(109,193)</b>	-	<b>(109,193)</b>	(123,111)	-	(123,111)
	<b>64,095</b>	-	<b>64,095</b>	163,520		163,520
Reinsurance contributions ceded:						
- Local	-	-	-	-	-	-
- Foreign	<b>(29,007)</b>	-	<b>(29,007)</b>	(98,492)	-	(98,492)
<b>Net contributions written</b>	<b>35,088</b>	-	<b>35,088</b>	65,028	-	65,028
Change in unearned contributions - net	<b>764</b>	-	<b>764</b>	(10,540)	-	(10,540)
<b>Net contributions earned</b>	<b>35,852</b>	-	<b>35,852</b>	54,488	-	54,488
Investment fund fee	<b>3,807</b>	-	<b>3,807</b>	3,820	-	3,820
<b>TOTAL REVENUES</b>	<b>39,659</b>	-	<b>39,659</b>	58,308	-	58,308
<b><u>UNDERWRITING COSTS AND EXPENSES</u></b>						
Gross claims paid	<b>(81,858)</b>	-	<b>(81,858)</b>	(77,410)	-	(77,410)
Reinsurers' share of claims paid	<b>60,747</b>	-	<b>60,747</b>	65,986	-	65,986
<b>Net claims and other benefits paid</b>	<b>(21,111)</b>	-	<b>(21,111)</b>	(11,424)	-	(11,424)
Changes in outstanding claims – net	<b>5,483</b>	-	<b>5,483</b>	(5,228)	-	(5,228)
Changes in claims incurred but not reported, net	<b>1,951</b>	-	<b>1,951</b>	(2,165)	-	(2,165)
<b>Net claims and other benefits incurred</b>	<b>(13,677)</b>	-	<b>(13,677)</b>	(18,817)	-	(18,817)
Changes in technical reserves, net	<b>710</b>	-	<b>710</b>	1,551	-	1,551
Policy acquisition costs	<b>(1,798)</b>	-	<b>(1,798)</b>	(1,891)	-	(1,891)
Other underwriting expenses	<b>(867)</b>	-	<b>(867)</b>	(1,434)	-	(1,434)
<b>TOTAL UNDERWRITING COSTS AND EXPENSES</b>	<b>(15,632)</b>	-	<b>(15,632)</b>	(20,591)	-	(20,591)
<b>NET UNDERWRITING INCOME</b>	<b>24,027</b>	-	<b>24,027</b>	37,717	-	37,717

**ALAHLI TAKAFUL COMPANY – A SAUDI JOINT STOCK COMPANY**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)**  
At 30 September 2019

**16 SUPPLEMENTARY INFORMATION (continued)**

**b) INTERIM STATEMENT OF INCOME (continued)**

	<i>Nine-month period ended 30 September (Unaudited)</i>					
	<i>Insurance operations</i>	<i>Shareholders' operations</i>	<i>2019</i>	<i>Insurance operations</i>	<i>Shareholders' operations</i>	<i>2018</i>
	<u>SR'000</u>	<u>SR'000</u>	<u>SR'000</u>	<u>SR'000</u>	<u>SR'000</u>	<u>SR'000</u>
<b><u>OTHER OPERATING (EXPENSES)/ INCOME</u></b>						
(Additions to)/reversal of doubtful debts allowance	(955)	-	(955)	747	-	747
General and administration expenses	(18,628)	(4,665)	(23,293)	(15,083)	(4,661)	(19,744)
Unrealised gain on FVIS investment	1,040	7,789	8,829	902	3,743	4,645
Realised gain on FVIS investments	185	35	220	250	86	336
Other income	2,859	-	2,859	-	-	-
<b><u>TOTAL OTHER OPERATING (EXPENSES)/ INCOME</u></b>	<b>(15,499)</b>	<b>3,159</b>	<b>(12,340)</b>	<b>(13,184)</b>	<b>(832)</b>	<b>(14,016)</b>
<b><u>NET SURPLUS/(DEFICIT) FROM OPERATIONS</u></b>	<b>8,528</b>	<b>3,159</b>	<b>11,687</b>	<b>24,533</b>	<b>(832)</b>	<b>23,701</b>
Surplus transferred to Shareholders	(7,675)	7,675	-	(22,079)	22,079	-
<b><u>NET INCOME FOR THE PERIOD BEFORE ZAKAT AND INCOME TAX</u></b>	<b>853</b>	<b>10,834</b>	<b>11,687</b>	<b>2,454</b>	<b>21,247</b>	<b>23,701</b>
Zakat	-	(4,626)	(4,626)	-	(4,226)	(4,226)
Income tax	-	(213)	(213)	-	(504)	(504)
<b><u>NET INCOME FOR THE PERIOD AFTER ZAKAT AND INCOME TAX</u></b>	<b>853</b>	<b>5,995</b>	<b>6,848</b>	<b>2,454</b>	<b>16,517</b>	<b>18,971</b>
Weighted averages number of ordinary shares outstanding (in thousands)	-	16,667	-	-	16,667	-
Earnings per share for the period (SR)	-	0.36	-	-	0.99	-

ALAHLI TAKAFUL COMPANY – A SAUDI JOINT STOCK COMPANY  
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)  
At 30 September 2019

16 SUPPLEMENTARY INFORMATION (continued)

c) INTERIM STATEMENT OF COMPREHENSIVE INCOME

	<i>Three-month period ended 30 September (Unaudited)</i>					
	<i>Insurance operations</i>	<i>Shareholders' operations</i>	<i>2019</i>	<i>Insurance operations</i>	<i>Shareholders' operations</i>	<i>2018</i>
	<u>SR'000</u>	<u>SR'000</u>	<u>SR'000</u>	<u>SR'000</u>	<u>SR'000</u>	<u>SR'000</u>
<b>NET INCOME FOR THE PERIOD</b>	<b>359</b>	<b>2,141</b>	<b>2,500</b>	700	4,479	5,179
<b>Other comprehensive income:</b> <i>Other comprehensive income that will not be reclassified to interim statement of income in subsequent periods:</i>						
Re-measurement loss on end-of- service indemnities	(115)	-	(115)	-	-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>244</b>	<b>2,141</b>	<b>2,385</b>	700	4,479	5,179
<b>Reconciliation:</b>						
<b>Less: Net income attributable to insurance operations</b>			(359)			(700)
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>			<b>2,026</b>			<b>4,479</b>

ALAHLI TAKAFUL COMPANY – A SAUDI JOINT STOCK COMPANY

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 30 September 2019

16 SUPPLEMENTARY INFORMATION (continued)

c) INTERIM STATEMENT OF COMPREHENSIVE INCOME (continued)

<i>Nine-month period ended 30 September (Unaudited)</i>						
	<i>Insurance operations</i>	<i>Shareholders' operations</i>	<i>2019</i>	<i>Insurance operations</i>	<i>Shareholders' operations</i>	<i>2018</i>
	<u><i>SR'000</i></u>	<u><i>SR'000</i></u>	<u><i>SR'000</i></u>	<u><i>SR'000</i></u>	<u><i>SR'000</i></u>	<u><i>SR'000</i></u>
<b><u>NET INCOME FOR THE PERIOD</u></b>	<b>853</b>	<b>5,995</b>	<b>6,848</b>	2,454	16,517	18,971
<b>Other comprehensive income:</b>						
<i>Other comprehensive income that will not be reclassified to interim statement of income in subsequent periods:</i>						
Re-measurement loss on end-of- service indemnities	(337)	-	(337)	-	-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>516</b>	<b>5,995</b>	<b>6,511</b>	<b>2,454</b>	<b>16,517</b>	<b>18,971</b>
<b>Reconciliation:</b>						
Less: Net income attributable to insurance operations			(853)			(2,454)
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>			<b>5,658</b>			<b>16,517</b>

**ALAHLI TAKAFUL COMPANY – A SAUDI JOINT STOCK COMPANY**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)**  
At 30 September 2019

**16 SUPPLEMENTARY INFORMATION (continued)**

**d) INTERIM STATEMENT OF CASH FLOWS**

	<i>Nine-month period ended 30 September (Unaudited)</i>					
	<i>Insurance operations SR'000</i>	<i>Shareholders' operations SR'000</i>	<i>2019 SR'000</i>	<i>Insurance operations SR'000</i>	<i>Shareholders' operations SR'000</i>	<i>2018 SR'000</i>
<b>OPERATING ACTIVITIES</b>						
Income for the period before Zakat and income tax	<b>853</b>	<b>10,834</b>	<b>11,687</b>	2,454	21,247	23,701
Adjustments for the period:						
Depreciation	<b>648</b>	-	<b>648</b>	624	-	624
Amortization of intangible assets	<b>1,365</b>	-	<b>1,365</b>	1,312	-	1,312
End-of-service indemnities, net	<b>469</b>	-	<b>469</b>	372	-	372
Addition to/(reversal) of doubtful debts allowance	<b>955</b>	-	<b>955</b>	(747)	-	(747)
Unrealised gain on re-measurement of FVIS investments	<b>(1,040)</b>	<b>(7,789)</b>	<b>(8,829)</b>	(902)	(3,743)	(4,645)
	<b>3,250</b>	<b>3,045</b>	<b>6,295</b>	3,113	17,504	20,617
Changes in operating assets and liabilities:						
Unit-linked investments	<b>(38,977)</b>	-	<b>(38,977)</b>	11,728	-	11,728
Contribution and reinsurance balance receivable, net	<b>49,823</b>	-	<b>49,823</b>	(53,404)	-	(53,404)
Due from related party	-	-	-	-	109	109
Accrued income	<b>(212)</b>	-	<b>(212)</b>	(155)	-	(155)
Prepayments and other receivables including accrued income	<b>(1,039)</b>	<b>(689)</b>	<b>(1,728)</b>	(613)	(274)	(887)
Reinsurance share of unearned contribution	<b>1,650</b>	-	<b>1,650</b>	(20,485)	-	(20,485)
Unearned contribution	<b>(2,414)</b>	-	<b>(2,414)</b>	31,025	-	31,025
Reinsurance share of outstanding claims	<b>26,193</b>	-	<b>26,193</b>	(17,669)	-	(17,669)
Technical reserve for Insurance Operations	<b>23,172</b>	-	<b>23,172</b>	(21,724)	-	(21,724)
Incurred But Not Reported (IBNR) reserves	<b>(1,951)</b>	-	<b>(1,951)</b>	2,165	-	2,165
Outstanding claims	<b>(31,676)</b>	-	<b>(31,676)</b>	22,897	-	22,897
Reinsurance balances payable	<b>(14,289)</b>	-	<b>(14,289)</b>	26,114	-	26,114
Due to related parties	<b>(1,427)</b>	-	<b>(1,427)</b>	(20)	-	(20)
Accrued and other liabilities	<b>(3,077)</b>	<b>(2,499)</b>	<b>(5,576)</b>	239	(815)	(576)
Accrued income on statutory deposit	-	<b>(375)</b>	<b>(375)</b>	-	(256)	(256)
Accrued income payable to SAMA	-	<b>375</b>	<b>375</b>	-	256	256
Zakat and income tax paid	-	<b>(1,014)</b>	<b>(1,014)</b>	-	(4,895)	(4,895)
End-of-service indemnities paid	<b>(287)</b>	-	<b>(287)</b>	(390)	-	(390)
Due (from) / to Insurance Operations	-	<b>1,158</b>	<b>1,158</b>	-	897	897
Due to / (from) Shareholders' Operations	<b>(1,158)</b>	-	<b>(1,158)</b>	(897)	-	(897)
Net cash from / (used in) operating activities	<b>7,581</b>	<b>1</b>	<b>7,582</b>	(18,076)	12,526	(5,550)

**ALAHLI TAKAFUL COMPANY – A SAUDI JOINT STOCK COMPANY**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)**  
At 30 September 2019

**16 SUPPLEMENTARY INFORMATION (continued)**

**d) INTERIM STATEMENT OF CASH FLOWS (continued)**

	<i>Nine-month period ended 30 September (Unaudited)</i>					
	<i>Insurance operations <u>SR'000</u></i>	<i>Shareholders' operations <u>SR'000</u></i>	<i>2019 <u>SR'000</u></i>	<i>Insurance operations <u>SR'000</u></i>	<i>Shareholders' operations <u>SR'000</u></i>	<i>2018 <u>SR'000</u></i>
<b>INVESTING ACTIVITIES</b>						
Purchase of furniture, fittings and office equipment	(812)	-	(812)	(141)	-	(141)
Additions to intangible assets	(160)	-	(160)	(130)	-	(130)
Redemption of FVIS investments	-	-	-	15,000	-	15,000
Net cash (used in)/ from investing activities	(972)	-	(972)	14,729	-	14,729
<b>FINANCING ACTIVITIES</b>						
Dividend paid	-	-	-	-	(12,924)	(12,924)
Income tax recovered from non-Saudi shareholders	-	-	-	-	1,091	1,091
Prior years income tax recovered from GAZT as per refund notice	-	-	-	-	1,370	1,370
Net cash used in financing activities	-	-	-	-	(10,463)	(10,463)
<b>Net increase /(decrease) in cash and cash equivalents</b>	<b>6,609</b>	<b>1</b>	<b>6,610</b>	(3,347)	2,063	(1,284)
Cash and cash equivalents at the beginning of the period	16,454	2,417	18,871	26,314	357	26,671
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>23,063</b>	<b>2,418</b>	<b>25,481</b>	<b>22,967</b>	<b>2,420</b>	<b>25,387</b>

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

These interim condensed financial statements have been approved by the Board of Directors on 5 November 2019, corresponding to 8 Rabi I 1441H.