
SABB TAKAFUL COMPANY
(A SAUDI JOINT STOCK COMPANY)

**UNAUDITED INTERIM CONDENSED FINANCIAL INFORMATION
AND INDEPENDENT AUDITORS' REVIEW REPORT
FOR THE NINE MONTH PERIOD
ENDED 30 SEPTEMBER 2019**

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INDEPENDENT AUDITORS' REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL INFORMATION TO THE SHAREHOLDERS OF SABB TAKAFUL COMPANY (A SAUDI JOINT STOCK COMPANY)

INTRODUCTION

We have reviewed the accompanying interim statement of financial position of SABB Takaful Company (A Saudi Joint Stock Company) (the "Company") as at 30 September 2019, and the related interim statements of income and comprehensive income for the three and nine month periods then ended, and the interim statements of changes in shareholders' equity and cash flows for nine month period then ended and other explanatory notes (the interim condensed financial information). Management is responsible for the preparation and presentation of this interim condensed financial information in accordance with International Accounting Standard 34 - "Interim Financial Reporting" ("IAS 34"), as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on this interim condensed financial information based on our review.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity" as endorsed in the Kingdom of Saudi Arabia. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, as endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial information is not prepared, in all material respects, in accordance with IAS 34 as endorsed in the Kingdom of Saudi Arabia.

PricewaterhouseCoopers
P. O. Box 8282
Riyadh 11482
Kingdom of Saudi Arabia



Mufaddal A. Ali
Certified Public Accountant
License No. 447

Al Azem, Al Sudairy, Al Shaikh & Partners
Certified Public Accountants
P. O. Box 10504
Riyadh 11443
Kingdom of Saudi Arabia



Abdullah M. AlAzem
Certified Public Accountant
License No. 335



Date: 7 Rabi-ul-Awwal 1441H
Corresponding to: 4 November 2019



INTERIM STATEMENT OF FINANCIAL POSITION (UNAUDITED)

		30 September 2019 (Unaudited) SAR'000	31 December 2018 (Audited) SAR'000
	Notes		
ASSETS			
Cash and cash equivalents	5	269,584	244,019
Contributions and retakaful receivables, net	4	15,697	12,650
Retakaful share of unearned contributions	7(b)	6,529	6,969
Retakaful share of outstanding claims	6	46,949	57,730
Deferred policy acquisition costs		773	1,019
Investments			
Available-for-sale financial assets	3	368,852	352,115
Held-to-maturity financial assets	3	90,825	120,899
Prepaid expenses and other assets		2,836	1,232
Fixed assets		93	146
Intangible assets		2,446	1,859
Statutory deposit		34,000	34,000
Accrued income on statutory deposit		4,190	3,509
TOTAL ASSETS		842,774	836,147

Bakheet AlZahrani



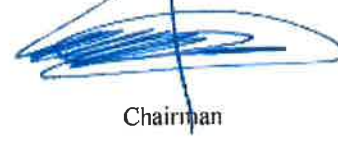
Chief Financial Officer

Hussam Alkhayal



Chief Executive Officer

Mohammed Alshayea



Chairman

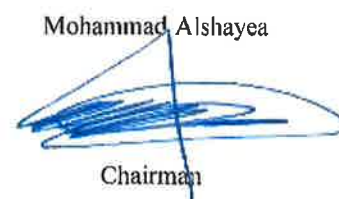
The accompanying notes 1 to 15 form an integral part of these interim condensed financial information.

SABB Takaful Company (A Saudi Joint Stock Company)
INTERIM STATEMENT OF FINANCIAL POSITION (UNAUDITED)

		30 September 2019 (Unaudited) SAR'000	31 December 2018 (Audited) SAR'000
	<i>Notes</i>		
<u>LIABILITIES</u>			
Accrued and other liabilities		31,949	19,378
Provision for zakat and income tax	11	4,255	6,034
Retakaful balances payable		6,915	5,880
Unearned contributions	7(b)	8,198	9,565
Unearned retakaful commission		1,814	2,290
Gross outstanding claims	6	61,122	71,186
Unexpired risk reserve	7(d)	2,547	2,991
Non-unit reserve	7(c)	5,995	5,579
Provision for employees' end-of-service benefits		5,562	4,916
Surplus distribution payable		6,593	6,593
Reserve for takaful activities	7(a), 3(c)	368,852	352,115
Accrued income on statutory deposit		4,190	3,509
TOTAL LIABILITIES		507,992	490,036
<u>SHAREHOLDERS' EQUITY</u>			
Share capital	12	340,000	340,000
Statutory reserve		14,788	14,788
Remeasurements of employees' end-of-service benefits		(735)	(213)
Accumulated losses		(19,271)	(8,464)
TOTAL EQUITY		334,782	346,111
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		842,774	836,147


Bakheet AlZahrani
 Chief Financial Officer


Hussam Alkhayal
 Chief Executive Officer


Mohammad Alshayea
 Chairman

The accompanying notes from 1 to 15 form an integral part of this interim condensed financial information.

SABB Takaful Company (A Saudi Joint Stock Company)

INTERIM STATEMENT OF INCOME (UNAUDITED)

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

	Note	Three months ended 30 September 2019 SAR '000	Three months ended 30 September 2018 SAR '000 (Restated)	Nine months ended 30 September 2019 SAR '000	Nine months ended 30 September 2018 SAR '000 (Restated)
REVENUES					
Gross contributions written					
- Family Takaful		29,285	32,567	88,009	90,519
- General Takaful		6,264	4,974	20,764	14,375
Gross contributions written		35,549	37,541	108,773	104,894
Retakaful contribution ceded					
- Local retakaful contribution ceded		(2,201)	(2,825)	(5,818)	(6,937)
- Foreign retakaful contribution ceded		(9,746)	(8,432)	(32,723)	(24,693)
Planholder charges		4,133	3,666	11,942	11,461
Net contributions written		27,735	29,950	82,174	84,725
Changes in gross unearned contributions		1,268	(727)	1,367	4,303
Changes in retakaful share of unearned contributions		(1,119)	(194)	(440)	(3,288)
Net contributions earned		27,884	29,029	83,101	85,740
Fees and commission income		1,179	1,408	4,098	5,029
Total revenue		29,063	30,437	87,199	90,769
UNDERWRITING COSTS AND EXPENSES					
Gross claims paid		(9,568)	(5,842)	(29,770)	(27,647)
Retakaful share of claims paid		6,729	4,158	23,838	21,252
Surrenders and maturities		(22,564)	(22,668)	(61,156)	(75,576)
Net claims and other benefits paid		(25,403)	(24,352)	(67,088)	(81,971)
Changes in outstanding claims, net		476	2,262	193	2,562
Changes in IBNR, net		644	84	(910)	1,646
Net claims and other benefits incurred		(24,283)	(22,006)	(67,805)	(77,763)
Changes in reserve for takaful activities		3,004	2,376	2,899	17,020
Changes in non-unit reserve		(422)	(1,316)	(416)	(1,484)
Changes in unexpired risk reserve		(64)	(285)	444	973
Policy acquisition costs		(918)	(5,154)	(3,054)	(6,989)
Total underwriting costs and expenses		(22,683)	(26,385)	(67,932)	(68,243)
Net underwriting income		6,380	4,052	19,267	22,526
OTHER OPERATING (EXPENSES)/ INCOME					
General and administrative expenses		(11,918)	(10,442)	(34,830)	(33,026)
Rebate income		330	486	990	1,268
Income from deposits		1,785	1,486	5,081	3,724
Income from sukuk		739	1,069	2,864	3,147
TOTAL OTHER OPERATING EXPENSES, NET		(9,064)	(7,401)	(25,895)	(24,887)
Net loss for the period before attribution and zakat and tax		(2,684)	(3,349)	(6,628)	(2,361)
Net loss attributed to the takaful operations		-	-	-	-
Net loss attributable to the shareholders before zakat and tax		(2,684)	(3,349)	(6,628)	(2,361)
Zakat and tax for the period		(1,305)	(1,398)	(4,179)	(4,456)
Net loss attributable to the shareholders after zakat and tax		(3,989)	(4,747)	(10,807)	(6,817)
Loss per share (SAR per share) (Basic and diluted)	9 & 11	(0.12)	(0.14)	(0.32)	(0.20)

Bakheet AlZahrani

Chief Financial Officer

Hussam Alkhayal

Chief Executive Officer

Mohammad Alshayea

Chairman

The accompanying notes from 1 to 15 form an integral part of this interim condensed financial information.

SABB 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

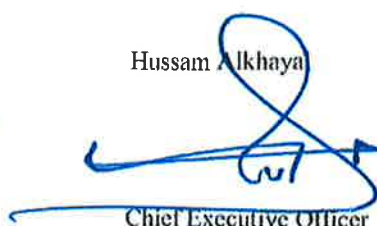
		Three months ended 30 September 2019 SAR'000	Three months ended 30 September 2018 SAR'000 (Restated)	Nine months ended 30 September 2019 SAR'000	Nine months ended 30 September 2018 SAR'000 (Restated)
	Notes				
Net loss attributable to the shareholders after zakat and tax		(3,989)	(4,747)	(10,807)	(6,817)
Other comprehensive income/ (loss)					
<i>Items that will be reclassified to interim condensed statement of income in subsequent periods</i>					
- Fair value change in available for sale investments – unrealized	3(c)	1,342	(497)	31,578	16,038
- Fair value change in reserve for takaful activities – unrealized	7(a)	(1,342)	497	(31,578)	(16,038)
<i>Items that will not be reclassified to interim condensed statement of income in subsequent periods</i>					
- Remeasurements of employees' end-of-service benefits		(241)	(132)	(522)	(71)
Total comprehensive loss for the period		<u>(4,230)</u>	<u>(4,879)</u>	<u>(11,329)</u>	<u>(6,888)</u>

Bakheet AlZahrani



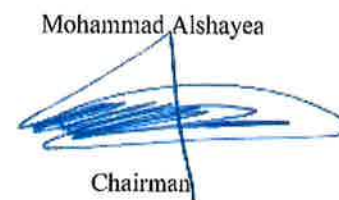
Chief Financial Officer

Hussam Alkhaya



Chief Executive Officer

Mohammad Alshayea



Chairman

The accompanying notes from 1 to 15 form an integral part of this interim condensed financial information.

SABB Takaful Company (A Saudi Joint Stock Company)

INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(UNAUDITED)

For the nine month period ended 30 September 2019

	<i>Share Capital</i> SAR'000	<i>Statutory Reserve</i> SAR'000	<i>Remeasurements of employees' end-of-service benefits</i> SAR'000	<i>Accumulated losses</i> SAR'000	<i>Total</i> SAR'000
Balance as at 1 January 2019	340,000	14,788	(213)	(8,464)	346,111
<i>Total comprehensive loss for the period:</i>					
Net loss attributable to the shareholders after zakat and tax	-	-	-	(10,807)	(10,807)
Remeasurements of employees' end-of-service benefits	-	-	(522)	-	(522)
Total comprehensive loss for the period	-	-	(522)	(10,807)	(11,329)
Balance as at 30 September 2019	340,000	14,788	(735)	(19,271)	334,782

	<i>Share Capital</i> SAR'000	<i>Statutory Reserve</i> SAR'000	<i>Remeasurements of employees' end-of-service benefits</i> SAR'000	<i>Accumulated losses</i> SAR'000	<i>Total</i> SAR'000
Balance as at 1 January 2018	340,000	14,577	(175)	(3,275)	351,127
<i>Total comprehensive loss for the period - restated:</i>					
Net loss attributable to the shareholders after zakat and tax - restated	-	-	-	(6,817)	(6,817)
Remeasurements of employees' end-of-service benefits	-	-	(71)	-	(71)
Total comprehensive loss for the period	-	-	(71)	(6,817)	(6,888)
Balance as at 30 September 2018	340,000	14,577	(246)	(10,092)	344,239

Bakheet AlZahrani

Chief Financial Officer

Hussam Alkhayal

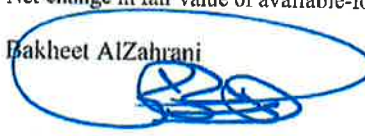
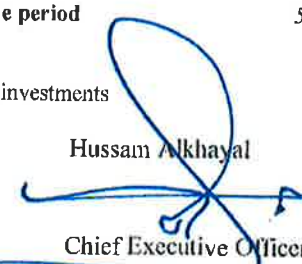
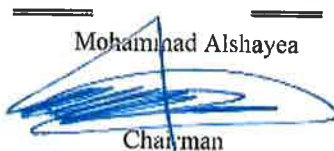
Chief Executive Officer

Mohammad Alshayea

Chairman

The accompanying notes from 1 to 15 form an integral part of this interim condensed financial information.

SABB Takaful Company (A Saudi Joint Stock Company)
INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)
For the nine month period ended 30 September 2019

	Notes	Nine months ended 30 September 2019 SAR'000	Nine months ended 30 September 2018 SAR'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss before attribution and zakat and tax		(6,628)	(2,361)
<u>Adjustment for non-cash items:</u>			
Amortisation		639	443
Depreciation		53	66
Income from sukuk		(2,864)	(3,147)
Provision for impairment of contribution and retakaful receivables		456	257
Provision for employees' end-of-service benefits		1,321	797
Amortization of premium on sukuk		24	-
		(6,999)	(3,945)
Changes in operating assets and liabilities:			
Contributions and retakaful receivables, net		(3,503)	3,666
Retakaful share of unearned contributions		440	3,288
Retakaful share of outstanding claims		10,781	2,444
Deferred policy acquisition costs		246	58
Available-for-sale financial assets		(16,737)	12,443
Prepaid expenses and other assets		(1,604)	(991)
Accrued and other liabilities		12,571	7,878
Retakaful balances payable		1,035	(2,148)
Unearned contributions		(1,367)	(4,303)
Unearned retakaful commission		(476)	(774)
Gross outstanding claims		(10,064)	(6,652)
Unexpired risk reserve		(444)	(973)
Non-unit reserve		416	1,484
Reserve for takaful activities		16,737	(12,443)
		1,032	(968)
Employees' end-of-service benefits paid		(1,197)	(2,247)
Zakat and tax paid		(5,958)	(4,452)
Net cash used in operating activities		(6,123)	(7,667)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of held-to-maturity financial assets		(20,370)	-
Maturity of held-to-maturity investments		50,000	12,000
Income received from sukuk		3,284	2,931
Purchase of intangible assets		(1,226)	(579)
Net cash generated from investing activities		31,688	14,352
Net change in cash and cash equivalents		25,565	6,685
Cash and cash equivalents, at the beginning of the period	5	244,019	239,099
Cash and cash equivalents, at the end of the period	5	269,584	245,784
Non-cash supplemental information:			
Net change in fair value of available-for-sale investments		31,578	16,038
 Bakheet AlZahrani Chief Financial Officer	 Hussam Alkhayal Chief Executive Officer	 Mohaminad Alshayea Chairman	

The accompanying notes from 1 to 15 form an integral part of this interim condensed financial information.

SABB Takaful Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)

30 September 2019

1. ORGANISATION AND PRINCIPAL ACTIVITIES

SABB Takaful Company (the "Company") is a Saudi Joint Stock Company registered in the Kingdom of Saudi Arabia under Commercial Registration No. 1010234032 dated 20 Jumad Awal 1428H (corresponding to 6 June 2007). The Company is listed on Saudi Stock Exchange 'Tadawul'. The address of the registered office of the Company is P. O. Box 9086, Riyadh 11413, Kingdom of Saudi Arabia.

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

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

a) Basis of presentation and measurement

The interim condensed financial information 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") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Certified Public Accountants ("SOCPA").

The 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 18 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 and its interpretations as issued by the International Accounting Standards Board ("IASB") and as endorsed in the Kingdom of Saudi Arabia and with the other standards and pronouncements that are issued by the Saudi Organization for Certified Public Accountants ("SOCPA") (collectively referred to as "IFRS as endorsed in KSA").

Accordingly, beginning period ended June 30, 2019, and onwards 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 (as disclosed in note 2(c)(iii)) and the effects of this change are disclosed in note 11 to the interim condensed financial statements.

The interim condensed financial information has been prepared under the going concern basis and the historical cost convention, except for the measurement at fair value of available-for-sale investments and end of service benefits carried at present values using the actuarial valuation and reserves for takaful activities.

The interim statement of financial position is not presented using a current/non-current classification. However, the following items would generally be classified as non-current such as held-to-maturity investments, fixed assets, intangible assets, statutory deposit and provision for employees' end-of-service benefits. All other financial statement line items would generally be classified as current.

The Company's management has made an assessment of its ability to continue as a going concern and is satisfied that it will be able to continue as a going concern in the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the interim condensed financial information has been prepared on the going concern basis.

The Company presents its interim statement of financial position in order of liquidity. As required by the Saudi Arabian Insurance Regulations, the Company maintains separate books of accounts for takaful operations and shareholders' operations and presents the interim condensed financial information accordingly (Note 8). Assets, liabilities, revenues and expenses clearly attributable to either activity are recorded in the respective accounts. The basis of allocation of expenses from joint operations is determined and approved by the management and the Board of Directors.

2. BASIS OF PREPARATION, BASIS OF PRESENTATION, SIGNIFICANT ACCOUNTING POLICIES, SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS AND RISK MANAGEMENT POLICIES (continued)

a) Basis of presentation and measurement (continued)

The interim statement of financial position, income, comprehensive income and cash flows of the takaful operations and shareholders' operations which are presented in Note 13 of the interim condensed financial information has been provided as supplementary financial information to comply with the requirements of the guidelines issued by SAMA implementing regulations and is not required under IFRSs. SAMA implementing regulations requires the clear segregation of the assets, liabilities, income and expenses of the insurance operations and the shareholders' operations. Accordingly, the interim statements of financial position, income, comprehensive income and cash flows prepared for the takaful operations and shareholders' operations as referred to above, reflect only the assets, liabilities, income, expenses and comprehensive gains or losses of the respective operations.

In preparing the Company-level interim condensed financial information in compliance with IFRS, the balances and transactions of the insurance operations are amalgamated and combined with those of the shareholders' operations. Inter-operation balances, transactions and unrealised gains or losses, if any, are eliminated in full during amalgamation. The accounting policies adopted for the insurance operations and shareholders' operations are uniform for like transactions and events in similar circumstances.

The interim condensed financial information does 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.

b) Critical accounting judgments, estimates and assumptions

The preparation of interim condensed financial information 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 expense. Actual results may differ from these estimates.

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

c) Significant accounting policies

The accounting policies, estimates and assumptions used in the preparation of the interim condensed financial information are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2018, except for the new standards and adoption of the amendments to existing standards mentioned below which have had either insignificant effect or no financial impact on the interim condensed financial information of the Company on the current period or prior periods and are expected to have an insignificant effect in future period:

(i) Standard effective from January 1, 2019

Effective 1 January 2019 the Company has adopted a new accounting standard, the impact of the adoption of this standard is explained below:

The Company adopted IFRS 16 'Leases' the standard replaces the existing guidance on leases, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC 15 "Operating Leases – Incentives" and SIC 27 "Evaluating the Substance of Transactions in the Legal Form of a Lease".

IFRS 16 was issued in January 2016 and is effective for annual periods commencing on or after 1 January 2019. IFRS 16 stipulates that all leases and the associated contractual rights and obligations should generally be recognized in the Company's Financial Position, unless the term is 12 months or less or the lease for low value asset. Thus, the classification required under IAS 17 "Leases" into operating or finance leases is eliminated for Lessees. For each lease, the lessee recognizes a liability for the lease obligations incurred in the future. Correspondingly, a right to use the leased asset is capitalized, which is generally equivalent to the present value of the future lease payments plus directly attributable costs and which is amortized over the useful life.

SABB Takaful Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)

30 September 2019

2. BASIS OF PREPARATION, BASIS OF PRESENTATION, SIGNIFICANT ACCOUNTING POLICIES, SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS AND RISK MANAGEMENT POLICIES (continued)

c) Significant accounting policies (continued)

As allowed under IFRS 16, the Company has opted for the modified retrospective application permitted by IFRS 16 upon adoption of the new standard. During the first time application of IFRS 16 to operating leases, the right to use the leased assets was generally measured at the amount of lease liability, using the interest rate at the time of first time application.

The Company elected to apply the standard to contracts that were previously identified as lease applying IAS 17 and IFRIC 4. The Company, therefore, did not apply the standard to contracts that were not previously identified as containing a lease applying IAS 17 and IFRIC 4.

The Company elected to use the exemptions proposed by the standard on lease contracts for which the lease terms ends within 12 months as of the date of initial application, and lease contracts for which the underlying asset is of low value. During the period the Company has performed an assessment of IFRS 16 and resolved that impact of difference as compared to leases accounted for applying IAS 17 & IFRIC 4 is not material to the Company's interim condensed financial information as a whole.

(ii) Standards issued but not yet effective

The Company has chosen not to early adopt the following new standards which have been issued but not yet effective for the Company's accounting year beginning on 1 January 2019 and is currently assessing their impact:

- 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 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 flow 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 income statement.

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 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.

During 2018, the Company performed an assessment of the amendments and reached the conclusion that its activities are predominantly connected with insurance. The Company intends to apply the temporary exemption from IFRS 9 and, therefore, continue to apply IAS 39 to its financial assets and liabilities in its reporting period starting on 1 January 2018 and through the year ended 31 December 2018.

The Company is eligible and have chosen to apply the temporary exemption under the amendments to IFRS 4. The impact of the adoption of IFRS 9 on the Company's financial information will, to a large extent, have to take into account the interaction with the forthcoming insurance contracts standard. IASB through its amendments to IFRS 4 issued in September 2016 had allowed temporary exemption if a Company meets the following criteria:

- a) the Company has not previously applied any version of IFRS 9; and
- b) its activities are predominantly connected with insurance that is defined as total percentage of carrying amount of insurance liabilities is greater than 90% of its total liabilities.

2. BASIS OF PREPARATION, BASIS OF PRESENTATION, SIGNIFICANT ACCOUNTING POLICIES, SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS AND RISK MANAGEMENT POLICIES (continued)

c) Significant accounting policies (continued)

During 2018, the Company performed a high-level impact assessment of IFRS 9. This preliminary assessment is based on currently available information and may be subject to changes arising from further detailed analyses or additional reasonable and supportable information being made available to the Company in the future. Overall, the Company expects no significant impact on its statement of financial position and equity, except for the effect of applying the impairment requirements of IFRS 9. However, the impact of the same is not expected to be significant. At present it is not possible to provide reasonable estimate of the effects of application of this new standard as the Company is yet to perform a detailed review.

- IFRS 17 - "Insurance Contracts", applicable for the period beginning on or after 1 January 2022, and will supersede IFRS 4 "Insurance Contracts". Earlier adoption permitted if both IFRS 15 'Revenue from Contracts with Customers' and IFRS 9 'Financial Instruments' have also been applied. The Company has decided not to early adopt this new standard.

(iii) Change in accounting policy in relation to accounting for zakat and income tax

As mentioned in note 2(a), the basis of preparation has been changed beginning period ended 30 June 2019 and onwards, based on the issuance of latest instructions from SAMA dated 23 July 2019. Previously, zakat and income tax was recognized in the statement of changes in equity as per the SAMA circular no 381000074519 dated 11 April 2017. As per SAMA instructions dated 23 July 2019, the zakat and income tax is recognized in the interim statement of income. The Company has accounted for this change in the accounting for zakat and income tax retrospectively and the effects of the above change are disclosed in note 11 to the interim condensed financial information. The change has resulted in reduction of reported income of the Company for the three and nine month periods ended 30 September 2018 by SR 1.4 million and SR 4.5 million respectively. The change has had no impact on the interim statement of cash flows for the period ended 30 September 2018. Below is the changed accounting policy for zakat and income tax.

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.

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 in the Kingdom of Saudi Arabia 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 on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the Kingdom of Saudi Arabia. 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.

2. BASIS OF PREPARATION, BASIS OF PRESENTATION, SIGNIFICANT ACCOUNTING POLICIES, SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS AND RISK MANAGEMENT POLICIES (continued)

c) Significant accounting policies (continued)

(iii) Change in accounting policy in relation to 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 against which the deductible temporary difference 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 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 Branch 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 interim statement of income, 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 in other comprehensive income or directly in equity.

The management has not recognised deferred tax asset on unused tax losses as it is probable that future taxable profit will not be available against the unused tax losses

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 Income Taxes. It does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty needs to be followed.

The Company applies significant judgment in identifying uncertainties over income tax treatments. The Company assessed whether the Interpretation had an impact on its interim condensed financial information. Upon adoption of the Interpretation, the Company considered whether it has any uncertain tax positions. The Company determined, based on its tax compliance that it is probable that its tax treatments will be accepted by the taxation authorities.

d) Functional and presentation currency

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

SABB Takaful Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)

30 September 2019

3. INVESTMENTS

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

30 September 2019 (Unaudited)			
SAR'000			
	<i>Takaful Operations</i>	<i>Shareholders' Operations</i>	<i>Total</i>
<i>Available-for-sale investments – Quoted</i>			
Investment in Amanah Mutual Funds	368,852	-	368,852
<i>Held-to-maturity investments – Unquoted</i>			
General Authority of Civil Aviation Sukuk (GACA – I)	-	50,260	50,260
Bank AlBilad Sukuk	-	20,081	20,081
Ministry of Finance Sukuk (MOF-I)	-	10,090	10,090
Ministry of Finance Sukuk (MOF-II)	-	10,394	10,394
	-	90,825	90,825
Total investments	368,852	90,825	459,677

31 December 2018 (Audited)			
SAR'000			
	<i>Takaful Operations</i>	<i>Shareholders' Operations</i>	<i>Total</i>
<i>Available-for-sale investments – Quoted</i>			
Investment in Amanah Mutual Funds	352,115	-	352,115
<i>Held-to-maturity investments – Unquoted</i>			
General Authority of Civil Aviation Sukuk (GACA – I)	-	50,580	50,580
The National Industrialization Company Sukuk (TASNEE)	-	50,230	50,230
Bank AlBilad Sukuk	-	20,089	20,089
	-	120,899	120,899
Total investments	352,115	120,899	473,014

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NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)

30 September 2019

3. INVESTMENTS (continued)

Available-for-sale investments in takaful operations represent investments in units of mutual funds managed by HSBC Saudi Arabia Limited, being a related party of the Company.

The maturity profile of held-to-maturity investments is as follows:

<i>Maturity profile</i>	<i>Maturity date</i>
- General Authority of Civil Aviation Sukuk (GACA – I)	18 January 2022
- Bank AlBilad Sukuk	30 August 2021
- Ministry of Finance Sukuk (MOF-I)	23 Jan 2024
- Ministry of Finance Sukuk (MOF-II)	23 Jan 2029

b) The fair value of held-to-maturity investments as at 30 September 2019 was SAR 90.83 million (31 December 2018: SAR 120.90 million).

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

	30 September 2019 (Unaudited) SAR'000	31 December 2018 (Audited) SAR'000
Opening balance	352,115	381,037
Purchased during the period/ year	58,258	77,971
Sold during the period/ year	(73,099)	(110,957)
	337,274	348,051
Net change in fair values of investments	31,578	4,064
Closing balance	368,852	352,115

The Company uses the following hierarchy methods for determining and disclosing the fair value of investments at the reporting period end:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

The Company's available-for-sale and held to maturity investments are classified under Level 1 and Level 3 hierarchy respectively.

SABB Takaful Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)

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4. CONTRIBUTIONS AND RETAKAFUL RECEIVABLES, NET

	30 September 2019 (Unaudited) SAR'000	31 December 2018 (Audited) SAR'000
Policyholders	5,976	7,992
Reinsurers	1,756	7,220
Due from a shareholder (The Saudi British Bank)	10,996	13
	18,728	15,225
Provision for impairment	(3,031)	(2,575)
	15,697	12,650

Balances receivables from a shareholder is 58.70 % (31 December 2018: 0.09 %) of the gross receivables and the management strongly believes that this amount will be collected at carrying amount.

5. CASH AND CASH EQUIVALENTS

	30 September 2019 (Unaudited) SAR'000		
	Takaful Operations	Shareholders' Operations	Total
Bank balances	9,817	820	10,637
Murabaha deposits	37,422	221,525	258,947
	47,239	222,345	269,584

	31 December 2018 (Audited) SAR'000		
	Takaful Operations	Shareholders' Operations	Total
Bank balances	19,011	2,858	21,869
Murabaha deposits	30,696	191,454	222,150
	49,707	194,312	244,019

Bank balances are maintained with SABB Bank, a shareholder of the Company.

SABB Takaful Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)

30 September 2019

6. OUTSTANDING CLAIMS

<i>30 September 2019 (Unaudited)</i>			
	<i>Gross</i>	<i>Retakaful</i>	<i>Net</i>
	<i>SAR'000</i>	<i>share</i>	<i>SAR'000</i>
		<i>SAR'000</i>	<i>SAR'000</i>
Family Takaful outstanding claims			
- Outstanding claims reserves	21,202	(15,508)	5,694
- Incurred but not reported reserve and other reserves	19,269	(13,571)	5,698
General Takaful outstanding claims			
- Outstanding claims reserves	14,888	(14,147)	741
- Incurred but not reported reserve and other reserves	5,763	(3,723)	2,040
Total outstanding claims	<u>61,122</u>	<u>(46,949)</u>	<u>14,173</u>
<i>31 December 2018 (Audited)</i>			
	<i>Gross</i>	<i>Retakaful</i>	<i>Net</i>
	<i>SAR'000</i>	<i>share</i>	<i>SAR'000</i>
		<i>SAR'000</i>	<i>SAR'000</i>
Family Takaful outstanding claims			
- Outstanding claims reserves	18,988	(14,033)	4,955
- Incurred but not reported reserve and other reserves	20,337	(15,679)	4,658
General Takaful outstanding claims			
- Outstanding claims reserves	27,302	(25,629)	1,673
- Incurred but not reported reserve and other reserves	4,559	(2,389)	2,170
Total outstanding claims	<u>71,186</u>	<u>(57,730)</u>	<u>13,456</u>

The outstanding claims include SAR 26.09 million as at 30 September 2019 (As at 31 December 2018: SAR 26.56 million) payable to the Bank.

7. RESERVE FOR TAKAFUL ACTIVITIES, NET UNEARNED CONTRIBUTION INCOME AND OTHER RESERVES

a) Movement in reserve for takaful activities

	<i>Nine months ended</i>	<i>Year ended</i>
	<i>30 September 2019</i>	<i>31 December 2018</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
	<i>SAR'000</i>	<i>SAR'000</i>
Balance as at the beginning of the period/year	352,115	381,037
Changes in reserve during the period/year	(2,899)	(17,983)
Planholder charges	(11,942)	(15,003)
Net change in fair value of investments	31,578	4,064
Balance as at the end of the period/year	<u>368,852</u>	<u>352,115</u>

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

SABB Takaful Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)

30 September 2019

7. RESERVE FOR TAKAFUL ACTIVITIES, NET UNEARNED CONTRIBUTION INCOME AND OTHER RESERVES (continued)

b) Movement in net unearned contribution

	Nine months ended 30 September 2019 (Unaudited)		
	Gross SAR'000	Retakaful share SAR'000	Net SAR'000
Balance as at the beginning of the period	9,565	(6,969)	2,596
Contribution written during the period	50,516	(37,820)	12,696
Contribution earned during the period	(51,883)	38,260	(13,623)
Balance as at the end of the period	8,198	(6,529)	1,669

	Year ended 31 December 2018 (Audited)		
	Gross SAR'000	Retakaful share SAR'000	Net SAR'000
Balance as at the beginning of the year	14,389	(10,802)	3,587
Contribution written during the year	61,995	(41,423)	20,572
Contribution earned during the year	(66,819)	45,256	(21,563)
Balance as at the end of the year	9,565	(6,969)	2,596

c) Non-unit reserve

As at 30 September 2019, the Company has recorded a non-unit reserve of SAR 5.99 million (31 December 2018: SAR 5.6 million) pertaining to the individual family segment. The reserve is calculated based on the present value of future assumed expenses less the present value of future income arising from charges on all individual family policies.

d) Unexpired risk reserve

This reserve comprises of an expense overrun reserve of SAR 0.30 million (31 December 2018: SAR 0.57 million) and premium deficiency reserve of SAR 2.25 million (31 December 2018: SAR 2.42 million) pertaining to group family and general takaful segments respectively.

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NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)

30 September 2019

8. SEGMENTAL INFORMATION

Consistent with the Company's internal reporting process, business segments have been approved by management in respect of the Company's activities. The Company's gross contributions written, net contributions written and planholder charges, net contributions earned and planholder charges, fees and commission income, net claims incurred, surrenders and maturities, policy acquisition costs, underwriting surplus, investment income, general and administrative expenses, net surplus, surplus from takaful operations after shareholders' appropriation, net profit, amortisation, depreciation, purchase of intangible assets and fixed assets, intangible assets, fixed assets, available-for-sale investments, contribution receivables, net, retakaful share of outstanding claims and unearned contributions, deferred policy acquisition costs, cash and cash equivalents, retakaful balances receivable, held-to-maturity investments, statutory deposit, total assets, reserve for takaful activities, gross unearned contributions, unearned commission income, gross outstanding claims, retakaful balances payable, unexpired risk reserve, non-unit reserve, provision for employees' end-of-service benefits and total liabilities, by business segment, are stated below.

Segment assets do not include prepayments and other receivables and investment return from statutory deposits. Accordingly they are included in unallocated assets.

Segment liabilities do not include surplus distribution payable, provision for zakat and income tax, payables, accruals and others and investment return from statutory deposits. Accordingly they are included in unallocated liabilities.

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

	<i>Shareholders' Operations</i> <i>SAR'000</i>	<i>Individual Family (Protection & Savings)</i> <i>SAR'000</i>	<i>Group Family (Protection & Savings)</i> <i>SAR'000</i>	<i>General Takaful</i> <i>SAR'000</i>	<i>Total</i> <i>SAR'000</i>
For the three month period ended 30 September 2019					
Gross contributions written	-	19,559	9,726	6,264	35,549
Net contributions written	-	23,435	3,471	829	27,735
Net contributions earned	-	23,435	3,572	877	27,884
Fees and commission income	-	-	-	1,179	1,179
Total revenue	-	23,435	3,572	2,056	29,063
Net claims and other benefits incurred	-	(23,305)	(982)	4	(24,283)
Changes in reserve for takaful activities	-	3,004	-	-	3,004
Changes in non-unit reserve	-	(422)	-	-	(422)
Changes in unexpired risk reserve	-	-	67	(131)	(64)
Policy acquisition costs	-	(414)	(92)	(412)	(918)
Net underwriting income for the period	-	2,298	2,565	1,517	6,380
General and administrative expenses	(917)	(4,618)	(3,690)	(2,693)	(11,918)
Rebate income	-	330	-	-	330
Income from deposits	1,539	87	90	69	1,785
Income from sukuk	739	-	-	-	739
Total income/ (loss) for the period before zakat and tax	1,361	(1,903)	(1,035)	(1,107)	(2,684)
Zakat and tax for the period	(1,305)	-	-	-	(1,305)
Total income/ (loss) for the period after zakat and tax	56	(1,903)	(1,035)	(1,107)	(3,989)
Purchase of intangibles	149	-	-	-	149
Amortisation	225	-	-	-	225
Depreciation	18	-	-	-	18

SABB Takaful Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)

30 September 2019

8. SEGMENTAL INFORMATION (continued)

	Shareholders' Operations SAR'000	Individual Family (Protection & Savings) SAR'000	Group Family (Protection & Savings) SAR'000	General Takaful SAR'000	Total SAR'000
For the nine month period ended 30 September 2019					
Gross contributions written	-	58,257	29,752	20,764	108,773
Net contributions written	-	69,478	10,371	2,325	82,174
Net contributions earned	-	69,478	10,909	2,714	83,101
Fees and commission income	-	639	-	3,459	4,098
Total revenue	-	70,117	10,909	6,173	87,199
Net claims and other benefits incurred	-	(63,031)	(4,617)	(157)	(67,805)
Changes in reserve for takaful activities	-	2,899	-	-	2,899
Changes in non-unit reserve	-	(416)	-	-	(416)
Changes in unexpired risk reserve	-	-	266	178	444
Policy acquisition costs	-	(1,149)	(348)	(1,557)	(3,054)
Net underwriting income for the period	-	8,420	6,210	4,637	19,267
General and administrative expenses	(2,661)	(12,095)	(10,393)	(9,681)	(34,830)
Rebate income	-	990	-	-	990
Income from deposits	4,356	281	220	224	5,081
Income from sukuk	2,864	-	-	-	2,864
Total income/ (loss) for the period before zakat and tax	4,559	(2,404)	(3,963)	(4,820)	(6,628)
Zakat and tax for the period	(4,179)	-	-	-	(4,179)
Total income/ (loss) for the period after zakat and tax	380	(2,404)	(3,963)	(4,820)	(10,807)
Purchase of intangibles	1,226	-	-	-	1,226
Amortisation	639	-	-	-	639
Depreciation	53	-	-	-	53
30 September 2019					
Intangible assets	2,446	-	-	-	2,446
Fixed assets	93	-	-	-	93
Assets					
Cash and cash equivalents	222,345	20,568	13,967	12,704	269,584
Contributions and retakaful receivables, net	-	(150)	9,604	6,243	15,697
Retakaful share of unearned contributions	-	-	179	6,350	6,529
Retakaful share of outstanding claims	-	826	28,254	17,869	46,949
Deferred policy acquisition costs	-	-	83	690	773
Available-for-sale financial assets	-	368,852	-	-	368,852
Held-to-maturity financial assets	90,825	-	-	-	90,825
Statutory deposit	34,000	-	-	-	34,000
Unallocated assets	-	-	-	-	9,565
Total assets					842,774
Liabilities					
Retakaful balances payable	-	-	3,368	3,547	6,915
Unearned contributions	-	-	587	7,611	8,198
Unearned retakaful commission	-	-	-	1,814	1,814
Gross outstanding claims	-	3,012	37,461	20,649	61,122
Unexpired risk reserve	-	-	300	2,247	2,547
Non-unit reserve	-	5,995	-	-	5,995
Provision for employees' end-of-service benefits	-	1,871	1,631	2,060	5,562
Reserve for takaful activities	-	368,852	-	-	368,852
Unallocated liabilities	-	-	-	-	46,987
Total liabilities					507,992

SABB Takaful Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)

30 September 2019

8. SEGMENTAL INFORMATION (continued)

	Shareholders' Fund SAR'000	Individual Family (Protection & Savings) SAR'000	Group Family (Protection & Savings) SAR'000	General Takaful SAR'000	Total SAR'000
For the three months ended					
30 September 2018 (Unaudited)					
Gross contributions written	-	20,295	12,272	4,974	37,541
Net contributions written	-	23,727	5,300	923	29,950
Net contributions earned	-	23,727	4,242	1,060	29,029
Fees and commission income	-	-	94	1,314	1,408
Total revenue	-	23,727	4,336	2,374	30,437
Net claims and other benefits incurred	-	(22,671)	839	(174)	(22,006)
Changes in reserve for takaful activities	-	2,376	-	-	2,376
Changes in non-unit reserve	-	(1,316)	-	-	(1,316)
Changes in unexpired risk reserve	-	-	-	(285)	(285)
Policy acquisition costs	-	(788)	(3,734)	(632)	(5,154)
Net underwriting income for the period	-	1,328	1,441	1,283	4,052
General and administrative expenses	(857)	(3,644)	(3,197)	(2,744)	(10,442)
Rebate income	-	486	-	-	486
Income from deposits	1,272	87	57	70	1,486
Income from sukuk	1,069	-	-	-	1,069
Total income/ (loss) for the period before zakat and tax	1,484	(1,743)	(1,699)	(1,391)	(3,349)
Zakat and tax for the period	(1,398)	-	-	-	(1,398)
Total (loss)/ income for the period after zakat and tax	86	(1,743)	(1,699)	(1,391)	(4,747)
Purchase of intangibles	178	-	-	-	178
Amortisation	156	-	-	-	156
Depreciation	22	-	-	-	22
For the nine months ended					
30 September 2018 (Unaudited)					
Gross contributions written	-	58,558	31,961	14,375	104,894
Net contributions written	-	69,267	12,748	2,710	84,725
Net contributions earned	-	69,267	12,357	4,116	85,740
Fees and commission income	-	78	306	4,645	5,029
Total revenue	-	69,345	12,663	8,761	90,769
Net claims and other benefits incurred	-	(75,739)	(1,047)	(977)	(77,763)
Changes in reserve for takaful activities	-	17,020	-	-	17,020
Changes in non-unit reserve	-	(1,484)	-	-	(1,484)
Changes in unexpired risk reserve	-	-	-	973	973
Policy acquisition costs	-	(1,257)	(3,934)	(1,798)	(6,989)
Net underwriting income for the period	-	7,885	7,682	6,959	22,526
General and administrative expenses	(2,155)	(11,382)	(9,818)	(9,671)	(33,026)
Rebate income	-	1,268	-	-	1,268
Income from deposits	3,239	195	159	131	3,724
Income from sukuk	3,147	-	-	-	3,147
Total income/ (loss) for the period before zakat and tax	4,231	(2,034)	(1,977)	(2,581)	(2,361)
Zakat and tax for the period	(4,456)	-	-	-	(4,456)
Total loss for the period after zakat and tax	(225)	(2,034)	(1,977)	(2,581)	(6,817)
Purchase of intangibles	579	-	-	-	579
Amortisation	443	-	-	-	443
Depreciation	66	-	-	-	66

SABB Takaful Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)

30 September 2019

8. SEGMENTAL INFORMATION (continued)

	Shareholders' Operations SAR'000	Individual Family (Protection & Savings) SAR'000	Group Family (Protection & Savings) SAR'000	General Takaful SAR'000	Total SAR'000
31 December 2018 (Audited)					
Intangible assets	1,859	-	-	-	1,859
Fixed assets	146	-	-	-	146
<u>Assets</u>					
Cash and cash equivalents	194,312	22,402	14,314	12,991	244,019
Contributions and retakaful receivables, net	-	-	8,990	3,660	12,650
Retakaful share of unearned contributions	-	-	485	6,484	6,969
Retakaful share of outstanding claims	-	226	29,486	28,018	57,730
Deferred policy acquisition costs	-	-	47	972	1,019
Available-for-sale financial assets	-	352,115	-	-	352,115
Held-to-maturity financial assets	120,899	-	-	-	120,899
Statutory deposit	34,000	-	-	-	34,000
Unallocated assets	-	-	-	-	6,746
Total assets					836,147
<u>Liabilities</u>					
Retakaful balances payable	-	471	(408)	5,817	5,880
Unearned contributions	-	-	1,431	8,134	9,565
Unearned retakaful commission	-	-	-	2,290	2,290
Gross outstanding claims	-	1,285	38,040	31,861	71,186
Unexpired risk reserve	-	-	566	2,425	2,991
Non-unit reserve	-	5,579	-	-	5,579
Provision for employees' end-of-service benefits	-	1,642	1,437	1,837	4,916
Reserve for takaful activities	-	352,115	-	-	352,115
Unallocated liabilities	-	-	-	-	35,514
Total liabilities					490,036

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

For the three month period ended 30 September 2019 (Unaudited)	Protection & Savings SAR'000	Property & Casualty SAR'000	*Motor SAR'000	Total SAR'000
<u>Gross written contribution</u>				
Individual	19,560	58	-	19,618
Micro enterprises	-	8	-	8
Small enterprises	28	429	-	457
Medium enterprises	97	1,063	-	1,160
Large enterprises	9,600	4,706	-	14,306
	29,285	6,264	-	35,549
For the nine month period ended 30 September 2019 (Unaudited)	Protection & Savings SAR'000	Property & Casualty SAR'000	*Motor SAR'000	Total SAR'000
<u>Gross written contribution</u>				
Individual	58,258	241	-	58,499
Micro enterprises	-	8	-	8
Small enterprises	28	970	-	998
Medium enterprises	204	2,119	-	2,323
Large enterprises	29,519	17,426	-	46,945
	88,009	20,764	-	108,773

*As of date the Company does not underwrite Motor product.

SABB Takaful Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)

30 September 2019

8. SEGMENTAL INFORMATION (continued)

For the three month period ended 30 September 2018 (Unaudited)	Protection & Savings SAR'000	Property & Casualty SAR'000	*Motor SAR'000	Total SAR'000
<u>Gross written contribution</u>				
Individual	20,295	70	-	20,365
Micro enterprises	-	-	-	-
Small enterprises	42	444	-	486
Medium enterprises	109	868	-	977
Large enterprises	12,121	3,592	-	15,713
	<u>32,567</u>	<u>4,974</u>	<u>-</u>	<u>37,541</u>
For the nine month period ended 30 September 2018 (Unaudited)	Protection & Savings SAR'000	Property & Casualty SAR'000	*Motor SAR'000	Total SAR'000
<u>Gross written contribution</u>				
Individual	58,558	267	-	58,825
Micro enterprises	-	29	-	29
Small enterprises	42	932	-	974
Medium enterprises	190	2,438	-	2,628
Large enterprises	31,729	10,709	-	42,438
	<u>90,519</u>	<u>14,375</u>	<u>-</u>	<u>104,894</u>

*As of date the Company does not underwrite Motor product.

9. BASIC AND DILUTED LOSS PER SHARE

Loss per share amounts are calculated by dividing the net loss for the period attributable to ordinary shareholders after zakat and tax of the Company by the weighted average number of ordinary shares outstanding at the reporting date as follows:

	Three months ended 30 September 2019 SAR'000	Three months ended 30 September 2018 SAR'000 (Restated)	Nine months ended 30 September 2019 SAR'000	Nine months ended 30 September 2018 SAR'000 (Restated)
Net loss for the period attributable to the shareholders after zakat and tax (SAR'000)	<u>(3,989)</u>	<u>(4,747)</u>	<u>(10,807)</u>	<u>(6,817)</u>
Weighted average number of ordinary shares (Number in thousands)	<u>34,000</u>	<u>34,000</u>	<u>34,000</u>	<u>34,000</u>
Loss per share (SAR) – Note 11	<u>(0.12)</u>	<u>(0.14)</u>	<u>(0.32)</u>	<u>(0.20)</u>

SABB Takaful Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)

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10. RELATED PARTY TRANSACTIONS

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

a) Transactions with related parties

The summary of major related party transactions is as follows:

	<i>Three months ended 30 September 2019 SAR'000</i>	<i>Three months ended 30 September 2018 SAR'000</i>	<i>Nine months ended 30 September 2019 SAR'000</i>	<i>Nine months ended 30 September 2018 SAR'000</i>
The Saudi British Bank ("Bank") <i>(a shareholder of the Company)</i>				
Gross contributions written	10,773	11,577	32,103	28,952
Claims paid	8,980	4,618	17,851	23,336
Other expenses				
- IT maintenance cost and related expenses	781	703	2,305	2,098
- Overheads	-	-	-	-
Investment income on murabaha deposits	194	334	356	656
Other entities controlled, jointly controlled or significantly influenced by related parties				
Policy acquisition costs paid	781	1,857	2,707	3,148
HSBC Saudi Arabia Limited – IBSA				
Gross contributions written	149	149	845	149
Rebate on unit-linked investments	330	486	990	1,268
Alawwal Bank				
Investment income on murabaha deposits	13	258	352	650
Investment income on sukuks	-	53	-	146

'Other expenses' include costs for various services under a management agreement between the Bank and the Company. As per the agreement, the Bank will provide operational services to the Company including use of fixed assets and IT infrastructure at a consideration mutually agreed between the parties.

SABB Takaful Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)

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10. RELATED PARTY TRANSACTIONS (continued)

b) Compensation of key management personnel

Key management personnel of the Company include all directors, executive and non-executive, and senior management. The summary of compensation of key management personnel for the period is as follows:

	Three months period ended 30 September 2019 SAR'000 (Unaudited)		Three months period ended 30 September 2018 SAR'000 (Unaudited)	
	Takaful Operations	Shareholders' Operations	Takaful Operations	Shareholders' Operations
Salaries and other benefits including end-of-service benefits	1,406	-	962	-
Directors' remuneration and other benefits	-	229	-	210
Number of key management personnel	5	8	5	7
	Nine months period ended 30 September 2019 SAR'000 (Unaudited)		Nine months period ended 30 September 2018 SAR'000 (Unaudited)	
	Takaful Operations	Shareholders' Operations	Takaful Operations	Shareholders' Operations
Salaries and other benefits including end-of-service benefits	3,757	-	2,959	-
Directors' remuneration and other benefits	-	657	-	703
Number of key management personnel	5	8	5	7

11. ZAKAT AND TAX

a) Status of Assessment

During the quarter ended 31 March 2015, the General Authority of Zakat & Tax (GAZT) issued the final tax certificates for the years from 2008 to 2010. However, the GAZT had filed an appeal in the Higher Appellate Forum against the ruling of Preliminary Zakat and Tax Appeal Committee which was in Company's favour. The appeal was regarding the matter of deducting the statutory deposit from zakat base for the years (2008-2010). During the quarter ended 31 March 2016, the said appeal was decided in Company's favour. Further, during the year ended 31 December 2016, the GAZT also started its review for the years from 2011 to 2015.

On 27 November 2018, GAZT has issued the final tax/zakat assessments for the years ended 31 December 2011 to 2014. In connection with the above assessments of GAZT for the year 2011 to 2014, the Company requested GAZT to provide the details of the tax/zakat assessments in order to provide the Company's point of view on GAZT's action. Accordingly, the GAZT provided the details of tax/zakat and withholding tax assessments for the years ended 31 December 2011 to 2014 including the tax/zakat assessment for the year 2015 and withholding tax assessment for the years 2011 to 2015. During the quarter ended 31 December 2018, the Company had filed an appeal against the above mentioned assessments. The management believes that the Company is in a strong position in the appeal filed as mainly it relates to matters already decided in Company's favour in earlier appeals relating to previous assessments (2007-2010).

SABB Takaful Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)

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11. ZAKAT AND TAX (continued)

b) Change in accounting treatment in relation to zakat and income tax

The change in the accounting treatment for zakat and income tax (as explained in note 2) has the following impact on the line items of the interim statements of income, comprehensive income and changes in shareholders' equity. There is no impact on the interim statement of financial position as at September 30, 2019 and interim statement of cash flows for the period then ended.

For the three-month period ended September 30, 2018 – SAR in '000

Financial statement impacted	Account	As previously stated for three months ended September 30, 2018	Effect of restatement relating to zakat	As restated for three months ended September 30, 2018
Statement of income	Zakat and tax charge for the period	-	(1,398)	(1,398)
Statement of income	Net loss attributable to the shareholders after zakat and tax	(3,349)	(1,398)	(4,747)
Statement of income	Basic and diluted loss per share	(0.10)	(0.04)	(0.14)

For the nine-month period ended September 30, 2018 – SAR in '000

Financial statement impacted	Account	As previously stated for nine months ended September 30, 2018	Effect of restatement relating to zakat	As restated for nine months ended September 30, 2018
Statement of income	Zakat and tax charge for the period	-	(4,456)	(4,456)
Statement of income	Basic and diluted loss per share	(0.07)	(0.13)	(0.20)
Statement of income	Net loss attributable to the shareholders after zakat and tax	(2,361)	(4,456)	(6,817)
Statement of change in shareholders' equity	Total comprehensive income after zakat and tax	(2,361)	(4,456)	(6,817)
Statement of change in shareholders' equity	Zakat and tax charge for the period	(4,456)	4,456	-

12. SHARE CAPITAL

The authorized, issued and fully paid up share capital of the Company consists of 34 million ordinary shares of SAR 10 each. The shareholding structure of the Company as at 30 September 2019 and as at 31 December 2018 is as follows:

Shareholders	Shareholding	SAR'000
The Saudi British Bank	65.00%	221,000
Other	35.00%	119,000
	<u>100.00%</u>	<u>340,000</u>

SABB Takaful Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)

30 September 2019

13. SUPPLEMENTARY INFORMATION

Interim statement of financial position

	SAR '000					
	30 September 2019			31 December 2018 (Audited)		
	Takaful Operations	Shareholders' Operations	Total	Takaful Operations	Shareholders' Operations	Total
ASSETS						
Cash and cash equivalents	47,239	222,345	269,584	49,707	194,312	244,019
Contributions and retakaful receivables, net	15,697	-	15,697	12,650	-	12,650
Retakaful share of unearned contributions	6,529	-	6,529	6,969	-	6,969
Retakaful share of outstanding claims	46,949	-	46,949	57,730	-	57,730
Deferred policy acquisition costs	773	-	773	1,019	-	1,019
Due from/ (to) shareholders'/ takaful operations	9,048	(9,048)	-	(2,167)	2,167	-
Available-for-sale financial assets	368,852	-	368,852	352,115	-	352,115
Held-to-maturity financial assets	-	90,825	90,825	-	120,899	120,899
Prepaid expenses and other assets	2,322	514	2,836	843	389	1,232
Fixed assets	-	93	93	-	146	146
Intangible assets	-	2,446	2,446	-	1,859	1,859
Statutory deposit	-	34,000	34,000	-	34,000	34,000
Accrued income on statutory deposit	-	4,190	4,190	-	3,509	3,509
TOTAL ASSETS	497,409	345,365	842,774	478,866	357,281	836,147
LIABILITIES						
Accrued and other liabilities	30,546	1,403	31,949	17,964	1,414	19,378
Provision for zakat and income tax	-	4,255	4,255	-	6,034	6,034
Retakaful balances payable	6,915	-	6,915	5,880	-	5,880
Unearned contributions	8,198	-	8,198	9,565	-	9,565
Unearned retakaful commission	1,814	-	1,814	2,290	-	2,290
Gross outstanding claims	61,122	-	61,122	71,186	-	71,186
Unexpired risk reserve	2,547	-	2,547	2,991	-	2,991
Non-unit reserve	5,995	-	5,995	5,579	-	5,579
Provision for employees' end-of-service benefits	5,562	-	5,562	4,916	-	4,916
Surplus distribution payable	6,593	-	6,593	6,593	-	6,593
Reserve for takaful activities	368,852	-	368,852	352,115	-	352,115
Accrued income on statutory deposit	-	4,190	4,190	-	3,509	3,509
TOTAL LIABILITIES	498,144	9,848	507,992	479,079	10,957	490,036
Takaful operations' surplus	-	-	-	-	-	-
TOTAL LIABILITIES AND TAKAFUL OPERATIONS' SURPLUS	498,144	9,848	507,992	479,079	10,957	490,036
SHAREHOLDERS' EQUITY						
Share capital	-	340,000	340,000	-	340,000	340,000
Legal reserve	-	14,788	14,788	-	14,788	14,788
Remeasurements of retirement benefit obligations	(735)	-	(735)	(213)	-	(213)
Accumulated losses	-	(19,271)	(19,271)	-	(8,464)	(8,464)
	(735)	335,517	334,782	(213)	346,324	346,111
TOTAL LIABILITIES, TAKAFUL OPERATIONS' SURPLUS AND SHAREHOLDERS' EQUITY	497,409	345,365	842,774	478,866	357,281	836,147

SABB Takaful Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)

30 September 2019

13. SUPPLEMENTARY INFORMATION (continued)

Interim statement of income

SAR '000

	For the three month period ended 30 September 2019			For the three month period ended 30 September 2018		
	Takaful Operations	Shareholders' Operations	Total	Takaful Operations	Shareholders' Operations	Total
REVENUES						
Gross contributions written						
- Family Takaful	29,285	-	29,285	32,567	-	32,567
- General Takaful	6,264	-	6,264	4,974	-	4,974
Gross contributions written	35,549	-	35,549	37,541	-	37,541
Retakaful contribution ceded						
- Local retakaful contribution ceded	(2,201)	-	(2,201)	(2,825)	-	(2,825)
- Foreign retakaful contribution ceded	(9,746)	-	(9,746)	(8,432)	-	(8,432)
Planholder charges	4,133	-	4,133	3,666	-	3,666
Net contributions written	27,735	-	27,735	29,950	-	29,950
Changes in gross unearned contributions	1,268	-	1,268	(727)	-	(727)
Changes in retakaful share of unearned contributions	(1,119)	-	(1,119)	(194)	-	(194)
Net contributions earned	27,884	-	27,884	29,029	-	29,029
Fees and commission income	1,179	-	1,179	1,408	-	1,408
Total revenue	29,063	-	29,063	30,437	-	30,437
UNDERWRITING COSTS AND EXPENSES						
Gross claims paid	(9,568)	-	(9,568)	(5,842)	-	(5,842)
Retakaful share of claims paid	6,729	-	6,729	4,158	-	4,158
Surrenders and maturities	(22,564)	-	(22,564)	(22,668)	-	(22,668)
Net claims and other benefits paid	(25,403)	-	(25,403)	(24,352)	-	(24,352)
Changes in outstanding claims, net	476	-	476	2,262	-	2,262
Changes in IBNR, net	644	-	644	84	-	84
Net claims and other benefits incurred	(24,283)	-	(24,283)	(22,006)	-	(22,006)
Changes in reserve for takaful activities	3,004	-	3,004	2,376	-	2,376
Changes in non-unit reserve	(422)	-	(422)	(1,316)	-	(1,316)
Changes in unexpired risk reserve	(64)	-	(64)	(285)	-	(285)
Policy acquisition costs	(918)	-	(918)	(5,154)	-	(5,154)
Total underwriting costs and expenses	(22,683)	-	(22,683)	(26,385)	-	(26,385)
Net underwriting income	6,380	-	6,380	4,052	-	4,052
OTHER OPERATING (EXPENSES)/ INCOME						
General and administrative expenses	(11,001)	(917)	(11,918)	(9,585)	(857)	(10,442)
Rebate income	330	-	330	486	-	486
Income from deposits	246	1,539	1,785	214	1,272	1,486
Income from sukuk	-	739	739	-	1,069	1,069
TOTAL OTHER OPERATING (EXPENSES)/ INCOME, NET	(10,425)	1,361	(9,064)	(8,885)	1,484	(7,401)
Net (loss)/ income for the period before attribution and zakat and tax	(4,045)	1,361	(2,684)	(4,833)	1,484	(3,349)
Shareholders' absorption of deficit/ (surplus transferred to shareholders) from takaful operations	4,045	(4,045)	-	4,833	(4,833)	-
Net loss attributable to the shareholders before zakat and tax	-	(2,684)	(2,684)	-	(3,349)	(3,349)
Zakat and tax for the period	-	(1,305)	(1,305)	-	(1,398)	(1,398)
Net loss attributable to the shareholders after zakat and tax	-	(3,989)	(3,989)	-	(4,747)	(4,747)

SABB Takaful Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)

30 September 2019

13. SUPPLEMENTARY INFORMATION (continued)

Interim statement of income

	SAR '000					
	For the nine month period ended 30 September 2019			For the nine month period ended 30 September 2018		
	Takaful Operations	Shareholders' Operations	Total	Takaful Operations	Shareholders' Operations	Total
REVENUES						
Gross contributions written						
- Family Takaful	88,009	-	88,009	90,519	-	90,519
- General Takaful	20,764	-	20,764	14,375	-	14,375
Gross contributions written	108,773	-	108,773	104,894	-	104,894
Retakaful contribution ceded						
- Local retakaful contribution ceded	(5,818)	-	(5,818)	(6,937)	-	(6,937)
- Foreign retakaful contribution ceded	(32,723)	-	(32,723)	(24,693)	-	(24,693)
Planholder charges	11,942	-	11,942	11,461	-	11,461
Net contributions written	82,174	-	82,174	84,725	-	84,725
Changes in gross unearned contributions	1,367	-	1,367	4,303	-	4,303
Changes in retakaful share of unearned contributions	(440)	-	(440)	(3,288)	-	(3,288)
Net contributions earned	83,101	-	83,101	85,740	-	85,740
Fees and commission income	4,098	-	4,098	5,029	-	5,029
Total revenue	87,199	-	87,199	90,769	-	90,769
UNDERWRITING COSTS AND EXPENSES						
Gross claims paid	(29,770)	-	(29,770)	(27,647)	-	(27,647)
Retakaful share of claims paid	23,838	-	23,838	21,252	-	21,252
Surrenders and maturities	(61,156)	-	(61,156)	(75,576)	-	(75,576)
Net claims and other benefits paid	(67,088)	-	(67,088)	(81,971)	-	(81,971)
Changes in outstanding claims, net	193	-	193	2,562	-	2,562
Changes in IBNR, net	(910)	-	(910)	1,646	-	1,646
Net claims and other benefits incurred	(67,805)	-	(67,805)	(77,763)	-	(77,763)
Changes in reserve for takaful activities	2,899	-	2,899	17,020	-	17,020
Changes in non-unit reserve	(416)	-	(416)	(1,484)	-	(1,484)
Changes in unexpired risk reserve	444	-	444	973	-	973
Policy acquisition costs	(3,054)	-	(3,054)	(6,989)	-	(6,989)
Total underwriting costs and expenses	(67,932)	-	(67,932)	(68,243)	-	(68,243)
Net underwriting income	19,267	-	19,267	22,526	-	22,526
OTHER OPERATING (EXPENSES)/ INCOME						
General and administrative expenses	(32,169)	(2,661)	(34,830)	(30,871)	(2,155)	(33,026)
Rebate income	990	-	990	1,268	-	1,268
Income from deposits	725	4,356	5,081	485	3,239	3,724
Income from sukuk	-	2,864	2,864	-	3,147	3,147
TOTAL OTHER OPERATING (EXPENSES)/ INCOME, NET	(30,454)	4,559	(25,895)	(29,118)	4,231	(24,887)
Net loss for the period before attribution and zakat and tax	(11,187)	4,559	(6,628)	(6,592)	4,231	(2,361)
Shareholders' absorption of deficit/ (surplus transferred to shareholders) from takaful operations	11,187	(11,187)	-	6,592	(6,592)	-
Net loss attributable to the shareholders before zakat and tax	-	(6,628)	(6,628)	-	(2,361)	(2,361)
Zakat and tax for the period	-	(4,179)	(4,179)	-	(4,456)	(4,456)
Net loss attributable to the shareholders before zakat and tax	-	(10,807)	(10,807)	-	(6,817)	(6,817)

SABB Takaful Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)

30 September 2019

13. SUPPLEMENTARY INFORMATION (continued)

Interim statement of comprehensive income

	SAR '000					
	For the three month period ended 30 September 2019			For the three month period ended 30 September 2018		
	Takaful Operations	Shareholders' Operations	Total	Takaful Operations	Shareholders' Operations	Total
Net loss attributable to the shareholders after zakat and tax	-	(3,989)	(3,989)	-	(4,747)	(4,747)
Other comprehensive income						
<i>Items that will be reclassified to statement of income in subsequent periods</i>						
- Fair value change in available for sale investments – unrealized	1,342	-	1,342	(497)	-	(497)
- Fair value change in reserve for takaful activities – unrealized	(1,342)	-	(1,342)	497	-	497
<i>Items that will not be reclassified to statement of income in subsequent periods</i>						
- Remeasurements of employees' end-of-service benefits	(241)	-	(241)	(132)	-	(132)
Total comprehensive loss for the period	(241)	(3,989)	(4,230)	(132)	(4,747)	(4,879)

	SAR '000					
	For the nine month period ended 30 September 2019			For the nine month period ended 30 September 2018		
	Takaful Operations	Shareholders' Operations	Total	Takaful Operations	Shareholders' Operations	Total
Net loss attributable to the shareholders after zakat and tax	-	(10,807)	(10,807)	-	(6,817)	(6,817)
Other comprehensive income						
<i>Items that will be reclassified to statement of income in subsequent periods</i>						
- Fair value change in available for sale investments – unrealized	31,578	-	31,578	16,038	-	16,038
- Fair value change in reserve for takaful activities – unrealized	(31,578)	-	(31,578)	(16,038)	-	(16,038)
<i>Items that will not be reclassified to statement of income in subsequent periods</i>						
- Remeasurements of employees' end-of-service benefits	(522)	-	(522)	(71)	-	(71)
Total comprehensive loss for the period	(522)	(10,807)	(11,329)	(71)	(6,817)	(6,888)

SABB Takaful Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)

30 September 2019

13. SUPPLEMENTARY INFORMATION (continued)

Interim statement of cash flows

			SR '000		
			For the nine month period ended 30 September 2019		
			Takaful Operations	Shareholders' Operations	Total
			For the nine month period ended 30 September 2018		
			Takaful Operations	Shareholders' Operations	Total
CASHFLOWS FROM OPERATING ACTIVITIES					
Net loss for the period before attribution and zakat and tax			-	(6,628)	(6,628)
Adjustment for non-cash items:					
Amortisation			-	639	639
Depreciation			-	53	53
Income from sukuk			-	(2,864)	(2,864)
Shareholders' appropriation from deficit/ surplus			(11,187)	11,187	-
Provision of impairment on contribution and retakaful receivables			456	-	456
Provision for employees' end-of-service benefits			1,321	-	1,321
Amortization of premium on sukuk			-	24	24
			(9,410)	2,411	(6,999)
Changes in operating assets and liabilities:					
Contributions and retakaful receivable, net			(3,503)	-	(3,503)
Retakaful share of unearned contributions			440	-	440
Retakaful share of outstanding claims			10,781	-	10,781
Deferred policy acquisition costs			246	-	246
Available-for-sale financial assets			(16,737)	-	(16,737)
Prepaid expenses and other assets			(1,479)	(125)	(1,604)
Accrued and other liabilities			12,582	(11)	12,571
Retakaful balances payable			1,035	-	1,035
Gross unearned contributions			(1,367)	-	(1,367)
Unearned retakaful commission			(476)	-	(476)
Gross outstanding claims			(10,064)	-	(10,064)
Unexpired risk reserve			(444)	-	(444)
Non-unit reserve			416	-	416
Reserve for takaful activities			16,737	-	16,737
			(1,243)	2,275	1,032
Employees' end-of-service benefits paid			(1,197)	-	(1,197)
Zakat and tax paid			-	(5,958)	(5,958)
			(2,440)	(3,683)	(6,123)
CASHFLOWS FROM INVESTING ACTIVITIES					
Purchase of held-to-maturity financial assets			-	(20,370)	(20,370)
Maturity of held-to-maturity financial assets			-	50,000	50,000
Income received from sukuk			-	3,284	3,284
Purchase of intangible assets			-	(1,226)	(1,226)
			-	31,688	31,688
CASHFLOWS FROM FINANCING ACTIVITIES					
Due from/ (to) shareholders'/ takaful operations, net			(28)	28	-
Net change in cash and cash equivalents			(2,468)	28,033	25,565
Cash and cash equivalents, beginning of the period			49,707	194,312	244,019
Cash and cash equivalents, end of the period			47,239	222,345	269,584
Non-cash supplemental information:					
Net change in fair value of available for sale investments			31,578	-	31,578

30 September 2019

14. RECLASSIFICATION OF COMPARATIVE FIGURES

Certain of the prior period amounts have been reclassified to conform with the presentation in the current period. These changes were made for better presentation of balances and transactions in the interim condensed financial information of the Company.

15. APPROVAL OF THE INTERIM CONDENSED FINANCIAL INFORMATION

This interim condensed financial information was approved by the Board of Directors on 2 Rabi-ul-Awwal 1441H corresponding to 30 October 2019.