
SABB TAKAFUL COMPANY
(A SAUDI JOINT STOCK COMPANY)

**UNAUDITED INTERIM CONDENSED FINANCIAL INFORMATION
AND INDEPENDENT AUDITORS' REVIEW REPORT
FOR THE THREE MONTH AND SIX MONTH PERIODS
ENDED 30 JUNE 2018**



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 condensed statement of financial position of SABB Takaful Company (A Saudi Joint Stock Company) (the "Company") as at 30 June 2018, and the interim condensed statements of income and comprehensive income for the three month and six month periods then ended, and interim condensed statements of changes in shareholders' equity and cash flows for the six 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 modified by Saudi Arabian Monetary Authority (SAMA) for the accounting for zakat and income taxes. 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 modified by SAMA for the accounting for zakat and income taxes.

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Date: 09 August 2018
Corresponding to: 26 Dhul Al Qadah 1439H



INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

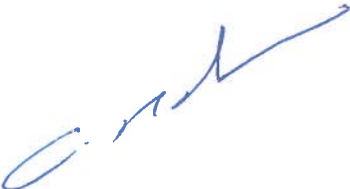

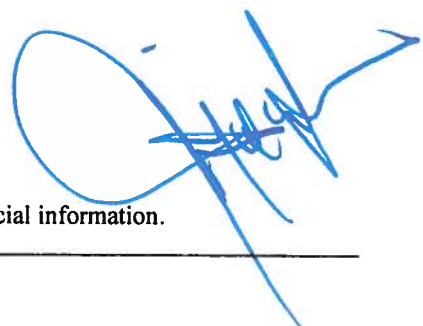
At 30 June 2018

		30 June 2018 (Unaudited) SAR'000	31 December 2017 (Audited) SAR'000
	Notes		
ASSETS			
Cash and cash equivalents	5	247,983	239,099
Contributions receivable, net	4	7,274	12,546
Retakaful balances receivable		4,738	1,950
Retakaful share of unearned contributions	7(b)	7,708	10,802
Retakaful share of outstanding claims	6	71,250	66,082
Deferred policy acquisition costs		863	824
Available-for-sale investments	3	375,133	381,037
Held-to-maturity investments	3	125,864	137,864
Prepayments and other receivables		1,904	1,738
Motor vehicle		185	229
Intangible assets		1,842	1,728
Statutory deposit		34,000	34,000
Investment return from statutory deposit		3,096	2,800
TOTAL ASSETS		881,840	890,699

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

PT Takaful Indonesia (Persero) Tbk (Public Company)
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
 At 30 June 2018

	<i>Notes</i>	30 June 2018 (Unaudited) SAR'000	31 December 2017 (Audited) SAR'000
<u>LIABILITIES</u>			
Payables, accruals and others		27,347	18,710
Provision for zakat and income tax	11	3,058	4,452
Retakaful balances payable		3,715	8,574
Gross unearned contributions	7(b)	9,359	14,389
Unearned commission income		1,932	2,555
Gross outstanding claims	6	86,835	83,529
Unexpired risk reserve	7(d)	4,273	5,531
Non-unit reserve	7(c)	4,479	4,311
Provision for employees' end-of-service benefits		6,902	7,091
Surplus distribution payable		6,593	6,593
Reserve for takaful activities	7(a), 3(c)	375,133	381,037
Investment return from statutory deposit		3,096	2,800
TOTAL LIABILITIES		532,722	539,572
Takaful operations' surplus		-	-
Remeasurements of retirement benefit obligations		(114)	(175)
TOTAL LIABILITIES AND TAKAFUL OPERATIONS' SURPLUS		532,608	539,397
<u>SHAREHOLDERS' EQUITY</u>			
Share capital	12	340,000	340,000
Legal reserve		14,577	14,577
Accumulated losses		(5,345)	(3,275)
TOTAL EQUITY		349,232	351,302
TOTAL LIABILITIES, TAKAFUL OPERATIONS' SURPLUS AND SHAREHOLDERS' EQUITY		881,840	890,699

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

INTERIM CONDENSED STATEMENT OF INCOME (UNAUDITED)

For the three month and six month periods ended 30 June 2018

	Note	Three months ended 30 June 2018 SAR'000	Three months ended 30 June 2017 SAR'000	Six months ended 30 June 2018 SAR'000	Six months ended 30 June 2017 SAR'000
REVENUES					
Gross contributions written					
- Family Takaful		28,841	35,065	57,952	74,319
- General Takaful		4,035	5,370	9,401	13,285
Gross contributions written		32,876	40,435	67,353	87,604
Retakaful contribution ceded					
- Local retakaful contribution ceded		(2,067)	(2,034)	(4,112)	(5,018)
- Foreign retakaful contribution ceded		(7,172)	(9,481)	(16,261)	(21,536)
Planholder charges		3,611	4,915	7,795	10,317
Net contributions written		27,248	33,835	54,775	71,367
Changes in gross unearned contributions		2,400	2,815	5,030	4,188
Changes in retakaful share of unearned contributions		(2,158)	(2,346)	(3,094)	(2,393)
Net contributions earned		27,490	34,304	56,711	73,162
Fees and commission income		2,298	1,695	3,621	3,058
Total revenue		29,788	35,999	60,332	76,220
UNDERWRITING COSTS AND EXPENSES					
Gross claims paid		(15,998)	(15,361)	(21,805)	(26,465)
Retakaful share of claims paid		12,894	11,611	17,094	19,051
Surrenders and maturities		(27,548)	(22,539)	(52,908)	(36,625)
Net claims and other benefits paid		(30,652)	(26,289)	(57,619)	(44,039)
Changes in outstanding claims, net		409	990	300	904
Changes in IBNR, net		1,158	(86)	1,562	(382)
Net claims and other benefits incurred		(29,085)	(25,385)	(55,757)	(43,517)
Changes in reserve for takaful activities		8,510	139	14,644	(11,483)
Changes in non-unit reserve		(23)	-	(168)	-
Changes in unexpired risk reserve		89	-	1,258	-
Policy acquisition costs		(820)	(1,427)	(1,835)	(2,790)
Total underwriting costs and expenses		(21,329)	(26,673)	(41,858)	(57,790)
Net underwriting income		8,459	9,326	18,474	18,430
OTHER OPERATING (EXPENSES)/ INCOME					
General and administrative expenses		(10,614)	(9,760)	(22,584)	(19,195)
Rebate income		330	421	782	680
Income from deposits		1,164	581	2,238	1,352
Income from sukuk		1,049	1,293	2,078	2,773
TOTAL OTHER OPERATING EXPENSES, NET		(8,071)	(7,465)	(17,486)	(14,390)
Total income for the period		388	1,861	988	4,040
Total income for the period attributed to the takaful operations		-	(74)	-	(137)
Total income for the period attributable to the shareholders		388	1,787	988	3,903
Earnings per share (SAR per share)	9	0.01	0.05	0.03	0.11

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

Al Rajhi Takaful Company (A Saudi Joint Stock Company)
INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
 For the three month and six month periods ended 30 June 2018

	Notes	<i>Three months ended 30 June 2018 SAR'000</i>	<i>Three months ended 30 June 2017 SAR'000</i>	<i>Six months ended 30 June 2018 SAR'000</i>	<i>Six months ended 30 June 2017 SAR'000</i>
Total income for the period		388	1,861	988	4,040
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)	6,948	6,693	16,535	14,602
- Fair value change in reserve for takaful activities – unrealized	7(a)	(6,948)	(6,693)	(16,535)	(14,602)
<i>Items that will not be reclassified to interim condensed statement of income in subsequent periods</i>					
- Remeasurements of retirement benefit obligations		72	-	61	-
Total comprehensive income for the period		460	1,861	1,049	4,040
Total comprehensive income attributed to the takaful operations		(72)	(74)	(61)	(137)
Total comprehensive income for the period attributable to the shareholders		388	1,787	988	3,903

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

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

For the six months period ended 30 June 2018

	<i>Share capital</i>	<i>Legal reserve</i>	<i>Accumulated losses</i>	<i>Total</i>
	SAR'000	SAR'000	SAR'000	SAR'000
Balance as at 1 January 2018	340,000	14,577	(3,275)	351,302
Total comprehensive income for the period	-	-	988	988
Provision for zakat and tax	-	-	(3,058)	(3,058)
Balance as at 30 June 2018	<u>340,000</u>	<u>14,577</u>	<u>(5,345)</u>	<u>349,232</u>

	<i>Share capital</i>	<i>Legal reserve</i>	<i>Retained earnings</i>	<i>Total</i>
	SAR'000	SAR'000	SAR'000	SAR'000
Balance as at 1 January 2017	340,000	14,577	6,624	361,201
Total comprehensive income for the period	-	-	3,903	3,903
Provision for zakat and tax	-	-	(2,547)	(2,547)
Balance as at 30 June 2017	<u>340,000</u>	<u>14,577</u>	<u>7,980</u>	<u>362,557</u>

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

~~Public Finance Company (A Public Finance Stock Company)~~
INTERIM CONDENSED STATEMENT OF CASH FLOWS (Unaudited)
 For the six months period ended 30 June 2018

	<i>Notes</i>	<i>Six months ended 30 June 2018 SAR'000</i>	<i>Six months ended 30 June 2017 SAR'000</i>
CASHFLOWS FROM OPERATING ACTIVITIES			
Net profit for the period		988	4,040
<u>Adjustment for non-cash items:</u>			
Amortisation		287	301
Depreciation		44	36
Income from sukuks		(2,078)	(2,773)
Gain on sale of motor vehicle		-	(19)
Provision of impairment on contribution receivables	4	427	896
Provision for employees' end-of-service benefits		542	(480)
		210	2,001
Changes in operating assets and liabilities:			
Contributions receivable, net		4,845	796
Retakaful balances receivable		(2,788)	(3,390)
Retakaful share of unearned contributions		3,094	2,393
Retakaful share of outstanding claims		(5,168)	(303)
Deferred policy acquisition costs		(39)	(254)
Available-for-sale investments		5,904	(15,768)
Prepayments and other receivables		(166)	320
Payables, accruals and others		8,637	(91)
Retakaful balances payable		(4,859)	(1,634)
Gross unearned contributions		(5,030)	(4,188)
Unearned commission income		(623)	(77)
Gross outstanding claims		3,306	(219)
Unexpired risk reserve		(1,258)	-
Non-unit reserve		168	-
Reserve for takaful activities		(5,904)	15,768
		329	(4,646)
Employees' end-of-service benefits paid		(670)	(100)
Zakat and tax paid		(4,452)	(5,663)
		(4,793)	(10,409)
CASHFLOWS FROM INVESTING ACTIVITIES			
Maturity of held-to-maturity investments		12,000	35,000
Income received from sukuks		2,078	2,971
Purchase of intangible assets		(401)	(158)
Purchase of motor vehicle		-	(201)
Proceeds from sale of motor vehicle		-	19
		13,677	37,631
Net cash generated from investing activities		13,677	37,631
Net change in cash and cash equivalents		8,884	27,222
Cash and cash equivalents, beginning of the period	5	239,099	187,990
Cash and cash equivalents, end of the period	5	247,983	215,212
Non-cash supplemental information:			
Net change in fair value of available-for-sale investments		16,535	14,602

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

30 June 2018

1. ORGANISATION AND PRINCIPAL ACTIVITIES

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

The purpose of the Company is to transact takaful operations and all related activities. Its principal lines of business include Individual Family (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 preparation

The interim condensed financial information of the Company ("Company") has been prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting ("IAS 34") as modified by SAMA for the accounting of zakat and income tax, which requires, adoption of all IFRSs as issued by the International Accounting Standards Board ("IASB") except for the application of International Accounting Standard (IAS) 12 - "Income Taxes" and IFRIC 21 - "Levies" so far as these relate to zakat and income tax. As per the SAMA Circular no. 381000074519 dated April 11, 2017 and subsequent amendments through certain clarifications relating to the accounting for zakat and income tax ("SAMA Circular"), the zakat and income tax are to be accrued on a quarterly basis through shareholders equity under retained earnings.

The interim condensed financial information is prepared under the going concern basis and the historical cost convention, except for the measurement at fair value of available-for-sale investments. Further, the interim condensed statement of financial position is not presented using a current/non-current classification.

During the year ended 31 December 2017, the Company received a letter from SAMA prohibiting the Company from accepting or renewing policies for protection and savings plans (major line of business) with effect from 3 October 2017 on account of certain non-compliance of relevant laws and regulations. Further, SAMA instructed the Company to appoint a consultant, discuss the matters in the Board of Directors meeting and required submission of a detailed report regarding the corrective actions taken or to be taken by management after approval from Board of Directors.

On 3 October 2017, the Board of Directors held a meeting in this regard. The Board of Directors recommended the appointment of an independent consultant to work closely with management to address the matters raised by SAMA. The Company received SAMA's no-objection for the recommended consultant. The Company kept SAMA informed of its progress. On 15 March 2018, the Company received a letter from SAMA in which the above-mentioned prohibition was removed. The Company's other lines of business were continuing as normal.

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 statements have been prepared on the going concern basis.

The interim condensed statement of financial position, statements of income, statement of comprehensive income and cash flows of the takaful operations and shareholders' operations have been presented in note 13 as supplementary financial information to comply with the requirements of the guidelines issued by SAMA implementing regulations. SAMA implementing regulations requires the clear segregation of the assets, liabilities, income and expenses of the takaful operations and the shareholders' operations. Accordingly, the interim condensed statements of financial position, statements of income, comprehensive income and cash flows prepared for the takaful operations and shareholders' operations reflect only the assets, liabilities, income, expenses and comprehensive gains or losses of the respective operations.

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

a) Basis of preparation (continued)

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

The interim condensed financial information do not include all of the information required for full annual financial information and should be read in conjunction with the annual financial information as of and for the year ended 31 December 2017.

These interim condensed financial information are expressed in Saudi Arabian Riyals (SAR) and are rounded off to the nearest thousands.

As required by the Saudi Arabian Insurance Regulations, the Company maintains separate books of accounts for Takaful Operations and Shareholders' Operations and presents the financial information accordingly (refer note 13). 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.

b) Significant accounting policies

The accounting policies used in the preparation of the interim condensed financial information are consistent with those followed in the preparation of the Company's annual financial information for the year ended 31 December 2017, except for the adoption of amendments to the existing standards which has no significant financial impact on the interim condensed financial information of the Company.

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 years beginning on or after 1 January 2018 and is currently assessing their impact. Following is a brief on the new IFRS and amendments to IFRS, effective for annual periods beginning on or after 1 January 2018:

- 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 2021. 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.

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

b) Significant accounting policies (continued)

The Company is eligible and has chosen to apply the deferral approach under the amendments to IFRS 4. The impact of the adoption of IFRS 9 on the Company's financial statements will, to a large extent, have to take into account the interaction with the forthcoming insurance contracts standard.

- IFRS 16 - "Leases", applicable for the period beginning on or after 1 January 2019. The new standard eliminates the current dual accounting model for lessees under IAS 17, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, IFRS 16 proposes on-balance sheet accounting model. The Company has decided not to early adopt this new standard.
- IFRS 17 - "Insurance Contracts", applicable for the period beginning on or after 1 January 2021, 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.

c) Significant accounting estimates, assumptions and risk management policies

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 these 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 information for the year ended 31 December 2017.

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.

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

30 June 2018

3. INVESTMENTS

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

<i>30 June 2018 (Unaudited)</i>			
<i>SAR'000</i>			
	<i>Takaful Operations</i>	<i>Shareholders</i>	<i>Total</i>
<i>Available-for-sale investments – Quoted</i>			
Investment in Amanah Mutual Funds	<u>375,133</u>	-	<u>375,133</u>
<i>Held-to-maturity investments – Unquoted</i>			
Saudi Hollandi Bank Sukuk (SHB-IV)	-	5,011	5,011
General Authority of Civil Aviation Sukuk (GACA - I)	-	50,569	50,569
The National Industrialization Company Sukuk (TASNEE)	-	50,208	50,208
Bank AlBilad Sukuk	-	20,076	20,076
	-	<u>125,864</u>	<u>125,864</u>
Total investments	<u><u>375,133</u></u>	<u><u>125,864</u></u>	<u><u>500,997</u></u>

<i>31 December 2017 (Audited)</i>			
<i>SAR'000</i>			
	<i>Takaful Operations</i>	<i>Shareholders</i>	<i>Total</i>
<i>Available-for-sale investments – Quoted</i>			
Investment in Amanah Mutual Funds	<u>381,037</u>	-	<u>381,037</u>
<i>Held-to-maturity investments – Unquoted</i>			
Saudi Hollandi Bank Sukuk (SHB-IV)	-	5,010	5,010
General Authority of Civil Aviation Sukuk (GACA - I)	-	50,576	50,576
The National Industrialization Company Sukuk (TASNEE)	-	50,177	50,177
The Power and Water Utility Company for Jubail and Yanbu Sukuk (MARAFIQ)	-	12,033	12,033
Bank AlBilad Sukuk	-	20,068	20,068
	-	<u>137,864</u>	<u>137,864</u>
Total investments	<u><u>381,037</u></u>	<u><u>137,864</u></u>	<u><u>518,901</u></u>

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>
- Saudi Hollandi Bank Sukuk (SHB-IV)	12 December 2018
- General Authority of Civil Aviation Sukuk (GACA - I)	18 January 2022
- The National Industrialization Company Sukuk (TASNEE)	21 May 2019
- The Power and Water Utility Company for Jubail and Yanbu Sukuk (MARAFIQ)	27 May 2018
- Bank AlBilad Sukuk	30 August 2021

b) The fair value of held-to-maturity investments as at 30 June 2018 is SAR 125.86 million (31 December 2017: SAR 137.86 million).

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

	<i>30 June 2018 (Unaudited) SAR'000</i>	<i>31 December 2017 (Audited) SAR'000</i>
Opening balance	381,037	353,740
Purchased during the period/ year	38,263	96,953
Sold during the period/ year	<u>(60,702)</u>	<u>(94,661)</u>
	358,598	356,032
Net change in fair values of investments	<u>16,535</u>	<u>25,005</u>
Closing balance	<u><u>375,133</u></u>	<u><u>381,037</u></u>

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

Level 1: quoted prices in active markets for the same or identical instrument that an entity can access at the measurement date;

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.

The Company's available-for-sale investments and held-to-maturity investments are classified under Level 1 and Level 2 hierarchy respectively.

The fair value of investments in mutual funds classified under level 1 is based on quoted market price. The fair value of held to maturity investments classified under level 2 of fair value hierarchy is based on discounted cash flows.

4. CONTRIBUTIONS RECEIVABLE, NET

	<i>30 June 2018 (Unaudited) SAR'000</i>	<i>31 December 2017 (Audited) SAR'000</i>
Due from policy holders	9,245	8,329
Due from a shareholder (The Saudi British Bank)	10	5,771
	<u>9,255</u>	<u>14,100</u>
Provision for impairment	<u>(1,981)</u>	<u>(1,554)</u>
	<u><u>7,274</u></u>	<u><u>12,546</u></u>

30 June 2018

5. CASH AND CASH EQUIVALENTS

	30 June 2018 (Unaudited) SAR'000		
	Takaful Operations	Shareholders	Total
Bank balances	30,601	2,532	33,133
Murabaha deposits	30,264	184,586	214,850
	<u>60,865</u>	<u>187,118</u>	<u>247,983</u>

	31 December 2017 (Audited) SAR'000		
	Takaful Operations	Shareholders	Total
Bank balances	18,706	7,062	25,768
Murabaha deposits	15,040	198,291	213,331
	<u>33,746</u>	<u>205,353</u>	<u>239,099</u>

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

6. OUTSTANDING CLAIMS

	30 June 2018 (Unaudited)		
	Gross SAR'000	Retakaful share SAR'000	Net SAR'000
Family Takaful outstanding claims			
- Outstanding claim reserves	29,114	(21,757)	7,357
- Incurred but not reported reserve and other reserves	19,961	(15,041)	4,920
General Takaful outstanding claims			
- Outstanding claim reserves	33,447	(31,543)	1,904
- Incurred but not reported reserve and other reserves	4,313	(2,909)	1,404
Total outstanding claims	<u>86,835</u>	<u>(71,250)</u>	<u>15,585</u>

	31 December 2017 (Audited)		
	Gross SAR'000	Retakaful share SAR'000	Net SAR'000
Family Takaful outstanding claims			
- Outstanding claim reserves	35,717	(27,027)	8,690
- Incurred but not reported reserve and other reserves	23,642	(17,607)	6,035
General Takaful outstanding claims			
- Outstanding claim reserves	19,392	(18,521)	871
- Incurred but not reported reserve and other reserves	4,778	(2,927)	1,851
Total outstanding claims	<u>83,529</u>	<u>(66,082)</u>	<u>17,447</u>

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

a) Movement in reserve for takaful activities

	<i>Six months ended 30 June 2018 (Unaudited) SAR'000</i>	<i>Year ended 31 December 2017 (Audited) SAR'000</i>
Balance as at the beginning of the period/ year	381,037	353,740
Changes in reserve during the period/ year	(14,644)	23,233
Planholder charges	(7,795)	(20,941)
Net change in fair value of investments	16,535	25,005
Balance as at the end of the period/ year	<u>375,133</u>	<u>381,037</u>

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

b) Movement in net unearned contribution

	<i>Six months ended 30 June 2018 (Unaudited)</i>		
	<i>Gross SAR'000</i>	<i>Retakaful share SAR'000</i>	<i>Net SAR'000</i>
Balance as at the beginning of the period	14,389	(10,802)	3,587
Contribution written during the period	29,090	(19,855)	9,235
Contribution earned during the period	(34,120)	22,949	(11,171)
Balance as at the end of the period	<u>9,359</u>	<u>(7,708)</u>	<u>1,651</u>
	<i>Year ended 31 December 2017 (Audited)</i>		
	<i>Gross SAR'000</i>	<i>Retakaful share SAR'000</i>	<i>Net SAR'000</i>
Balance as at the beginning of the year	20,574	(13,976)	6,598
Contribution written during the year	78,131	(52,362)	25,769
Contribution earned during the year	(84,316)	55,536	(28,780)
Balance as at the end of the year	<u>14,389</u>	<u>(10,802)</u>	<u>3,587</u>

c) Non-unit reserve

As at 30 June 2018, the Company has recorded a non-unit reserve of SAR 4.48 million (31 December 2017: SAR 4.31 million) pertaining to 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 2.87 million (31 December 2017: SAR 2.87 million) and premium deficiency reserve of SAR 1.41 million (31 December 2017: SAR 2.66 million) pertaining to group family and general takaful segments respectively.

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 motor vehicle, intangible assets, motor vehicle, 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' Fund SAR'000</i>	<i>Individual Family (Protection & Savings) SAR'000</i>	<i>Group Family (Protection & Savings) SAR'000</i>	<i>General Takaful SAR'000</i>	<i>Total SAR'000</i>
For the three months ended					
30 June 2018 (Unaudited)					
Gross contributions written	-	19,036	9,805	4,035	32,876
Net contributions written	-	22,377	3,779	1,092	27,248
Net contributions earned	-	22,377	3,921	1,192	27,490
Fees and commission income	-	78	212	2,008	2,298
Total revenue	-	22,455	4,133	3,200	29,788
Net claims and other benefits incurred	-	(27,110)	(1,851)	(124)	(29,085)
Changes in reserve for takaful activities	-	8,510	-	-	8,510
Changes in non-unit reserve	-	(23)	-	-	(23)
Changes in unexpired risk reserve	-	-	-	89	89
Policy acquisition costs	-	(186)	(106)	(528)	(820)
Net underwriting income for the period	-	3,646	2,176	2,637	8,459
General and administrative expenses	(840)	(3,698)	(2,737)	(3,339)	(10,614)
Rebate income	-	330	-	-	330
Income from deposits	978	68	61	57	1,164
Income from sukus	1,049	-	-	-	1,049
Total income /(loss) for the period	1,187	346	(500)	(645)	388
Purchase of intangibles	295	-	-	-	295
Amortisation	152	-	-	-	152
Depreciation	22	-	-	-	22

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8. SEGMENTAL INFORMATION (continued)

	<i>Shareholders' Fund SAR'000</i>	<i>Individual Family (Protection & Savings) SAR'000</i>	<i>Group Family (Protection & Savings) SAR'000</i>	<i>General Takaful SAR'000</i>	<i>Total SAR'000</i>
For the six months ended					
30 June 2018 (Unaudited)					
Gross contributions written	-	38,263	19,689	9,401	67,353
Net contributions written	-	45,540	7,448	1,787	54,775
Net contributions earned	-	45,540	8,115	3,056	56,711
Fees and commission income	-	78	212	3,331	3,621
Total revenue	-	45,618	8,327	6,387	60,332
Net claims and other benefits incurred	-	(53,068)	(1,886)	(803)	(55,757)
Changes in reserve for takaful activities	-	14,644	-	-	14,644
Changes in non-unit reserve	-	(168)	-	-	(168)
Changes in unexpired risk reserve	-	-	-	1,258	1,258
Policy acquisition costs	-	(469)	(200)	(1,166)	(1,835)
Net underwriting income for the period	-	6,557	6,241	5,676	18,474
General and administrative expenses	(1,298)	(7,738)	(6,621)	(6,927)	(22,584)
Rebate income	-	782	-	-	782
Income from deposits	1,967	108	102	61	2,238
Income from sukuks	2,078	-	-	-	2,078
Total income /(loss) for the period	2,747	(291)	(278)	(1,190)	988
Purchase of intangibles	401	-	-	-	401
Amortisation	287	-	-	-	287
Depreciation	44	-	-	-	44
30 June 2018 (Unaudited)					
Intangible assets	1,842	-	-	-	1,842
Motor vehicle	185	-	-	-	185
Assets					
Cash and cash equivalents	187,118	27,930	18,885	14,050	247,983
Contributions receivable, net	-	-	1,282	5,992	7,274
Retakaful balances receivable	-	-	4,679	59	4,738
Retakaful share of unearned contributions	-	-	176	7,532	7,708
Retakaful share of outstanding claims	-	204	36,594	34,452	71,250
Deferred policy acquisition costs	-	-	74	789	863
Available-for-sale investments	-	375,133	-	-	375,133
Held-to-maturity investments	125,864	-	-	-	125,864
Statutory deposit	34,000	-	-	-	34,000
Unallocated assets	-	-	-	-	7,027
Total assets					881,840
Liabilities					
Retakaful balances payable	-	398	(192)	3,509	3,715
Gross unearned contributions	-	-	539	8,820	9,359
Unearned commission income	-	-	-	1,932	1,932
Gross outstanding claims	-	1,875	47,200	37,760	86,835
Unexpired risk reserve	-	-	2,868	1,405	4,273
Non-unit reserve	-	4,479	-	-	4,479
Provision for employees' end-of-service benefits	-	2,178	2,032	2,692	6,902
Reserve for takaful activities	-	375,133	-	-	375,133
Unallocated liabilities	-	-	-	-	40,094
Total liabilities					532,722

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
30 June 2018

8. SEGMENTAL INFORMATION (continued)

	<i>Shareholders' Fund SAR'000</i>	<i>Individual Family (Protection & Savings) SAR'000</i>	<i>Group Family (Protection & Savings) SAR'000</i>	<i>General Takaful SAR'000</i>	<i>Total SAR'000</i>
For the three months ended					
30 June 2017 (Unaudited)					
Gross contributions written	-	22,400	12,665	5,370	40,435
Net contributions written	-	27,089	5,225	1,521	33,835
Net contributions earned	-	27,089	6,108	1,107	34,304
Fees and commission income	-	426	-	1,269	1,695
Net claims and other benefits incurred	-	(23,091)	(2,741)	447	(25,385)
Changes in reserve for takaful activities	-	139	-	-	139
Policy acquisition costs	-	(523)	(294)	(610)	(1,427)
	<u>-</u>	<u>4,040</u>	<u>3,073</u>	<u>2,213</u>	<u>9,326</u>
Underwriting surplus for the period	-	4,040	3,073	2,213	9,326
Investment income	1,806	479	10	-	2,295
General and administrative expenses	(688)	(3,569)	(2,622)	(2,881)	(9,760)
	<u>1,118</u>	<u>950</u>	<u>461</u>	<u>(668)</u>	<u>1,861</u>
Net surplus/ (deficit) for the period					
	<u>1,118</u>	<u>950</u>	<u>461</u>	<u>(668)</u>	<u>1,861</u>
Surplus from takaful operations after shareholders' appropriation					(74)
Net profit for the period					<u>1,787</u>
Purchase of intangibles	127	-	-	-	127
Amortisation	155	-	-	-	155
Depreciation	22	-	-	-	22
	<u>127</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>127</u>
	<u>155</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>155</u>
	<u>22</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22</u>
For the six months ended					
30 June 2017 (Unaudited)					
Gross contributions written	-	48,108	26,211	13,285	87,604
Net contributions written	-	58,012	10,582	2,773	71,367
Net contributions earned	-	58,012	12,706	2,444	73,162
Fees and commission income	-	426	-	2,632	3,058
Net claims and other benefits incurred	-	(38,227)	(5,464)	174	(43,517)
Changes in reserve for takaful activities	-	(11,483)	-	-	(11,483)
Policy acquisition costs	-	(1,172)	(436)	(1,182)	(2,790)
	<u>-</u>	<u>7,556</u>	<u>6,806</u>	<u>4,068</u>	<u>18,430</u>
Underwriting surplus for the period	-	7,556	6,806	4,068	18,430
Investment income	3,972	809	24	-	4,805
General and administrative expenses	(1,303)	(6,495)	(5,736)	(5,661)	(19,195)
	<u>2,669</u>	<u>1,870</u>	<u>1,094</u>	<u>(1,593)</u>	<u>4,040</u>
Net surplus/ (deficit) for the period					
	<u>2,669</u>	<u>1,870</u>	<u>1,094</u>	<u>(1,593)</u>	<u>4,040</u>
Surplus from takaful operations after shareholders' appropriation					(137)
Net profit for the period					<u>3,903</u>
Purchase of intangibles	158	-	-	-	158
Purchase of motor vehicle	201	-	-	-	201
Disposal of motor vehicle	19	-	-	-	19
Amortisation	301	-	-	-	301
Depreciation	36	-	-	-	36
	<u>158</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>158</u>
	<u>201</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>201</u>
	<u>19</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19</u>
	<u>301</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>301</u>
	<u>36</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>36</u>

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

30 June 2018

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
31 December 2017 (Audited)					
Intangible assets	1,728	-	-	-	1,728
Motor vehicle	229	-	-	-	229
Assets					
Cash and cash equivalents	205,353	18,844	12,876	2,026	239,099
Contributions receivable, net	-	-	1,621	10,925	12,546
Retakaful balances receivable	-	-	589	1,361	1,950
Retakaful share of unearned contributions	-	-	587	10,215	10,802
Retakaful share of outstanding claims	-	438	44,196	21,448	66,082
Deferred policy acquisition costs	-	-	61	763	824
Available-for-sale investments	-	381,037	-	-	381,037
Held-to-maturity investments	137,864	-	-	-	137,864
Statutory deposit	34,000	-	-	-	34,000
Unallocated assets	-	-	-	-	6,495
Total assets					890,699
Liabilities					
Retakaful balances payable	-	356	212	8,006	8,574
Gross unearned contributions	-	-	1,617	12,772	14,389
Unearned commission income	-	-	-	2,555	2,555
Gross outstanding claims	-	2,082	57,278	24,169	83,529
Unexpired risk reserve	-	-	2,868	2,663	5,531
Non-unit reserve	-	4,311	-	-	4,311
Provision for employees' end-of-service benefits	-	2,207	2,088	2,796	7,091
Reserve for takaful activities	-	381,037	-	-	381,037
Unallocated liabilities	-	-	-	-	32,555
Total liabilities					539,572

Company's principal activities as well as majority of the assets are located in the Kingdom of Saudi Arabia.

9. BASIC AND DILUTED EARNINGS PER SHARE

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

	Three months ended 30 June 2018 SAR'000	Three months ended 30 June 2017 SAR'000	Six months ended 30 June 2018 SAR'000	Six months ended 30 June 2017 SAR'000
Net profit for the period attributable to the shareholders (SAR'000)	388	1,787	988	3,903
Weighted average number of ordinary shares (Number in thousands)	34,000	34,000	34,000	34,000
Earnings per share (SAR)	0.01	0.05	0.03	0.11

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 June 2018 SAR'000</i>	<i>Three months ended 30 June 2017 SAR'000</i>	<i>Six months ended 30 June 2018 SAR'000</i>	<i>Six months ended 30 June 2017 SAR'000</i>
The Saudi British Bank <i>(a shareholder of the Company)</i>				
Gross contributions written	8,542	9,693	17,375	19,589
Claims paid	14,212	7,576	18,718	14,547
Other expenses				
- IT maintenance cost and related expenses	507	946	1,395	1,920
- Overheads	-	14	-	18
Investment income on murabaha deposits	259	19	322	53
Other entities controlled, jointly controlled or significantly influenced by related parties				
Policy acquisition costs paid	474	924	1,291	2,095
HSBC Saudi Arabia Limited - IBSA				
Rebate on unit-linked investments	330	421	782	680

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

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:

	<i>Three months period ended 30 June 2018 SAR'000 (Unaudited)</i>		<i>Three months period ended 30 June 2017 SAR'000 (Unaudited)</i>	
	<i>Takaful Operations</i>	<i>Shareholders</i>	<i>Takaful Operations</i>	<i>Shareholders</i>
Salaries and other benefits	948	-	998	-
End-of-service benefits	61	-	42	-
Directors' remunerations and other benefits	-	283	-	156
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	<i>Six months period ended 30 June 2018 SAR'000 (Unaudited)</i>		<i>Six months period ended 30 June 2017 SAR'000 (Unaudited)</i>	
	<i>Takaful Operations</i>	<i>Shareholders</i>	<i>Takaful Operations</i>	<i>Shareholders</i>
Salaries and other benefits	1,876	-	1,996	-
End-of-service benefits	121	-	83	-
Directors' remunerations and other benefits	-	493	-	323
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

30 June 2018

11. ZAKAT AND TAX*Status of Assessment*

During the quarter ended 31 March 2015, the General Authority of Zakat and 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 has also started its review for the years from 2011 to 2015.

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 June 2018 and as at 31 December 2017 is as follows:

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

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
30 June 2018

13. SUPPLEMENTARY INFORMATION

Interim condensed financial information

SAR '000

	30 June 2018 (Unaudited)			31 December 2017 (Audited)		
	Takaful operations	Shareholders' operations	Total	Takaful operations	Shareholders' operations	Total
ASSETS						
Cash and cash equivalents	60,865	187,118	247,983	33,746	205,353	239,099
Contributions receivable, net	7,274	-	7,274	12,546	-	12,546
Retakaful balances receivable	4,738	-	4,738	1,950	-	1,950
Retakaful share of unearned contributions	7,708	-	7,708	10,802	-	10,802
Retakaful share of outstanding claims	71,250	-	71,250	66,082	-	66,082
Deferred policy acquisition costs	863	-	863	824	-	824
Due from/ (to) shareholders/ takaful operations	(3,657)	3,657	-	22,202	(22,202)	-
Available-for-sale investments	375,133	-	375,133	381,037	-	381,037
Held-to-maturity investments	-	125,864	125,864	-	137,864	137,864
Prepayments and other receivables	1,432	472	1,904	1,463	275	1,738
Motor vehicle	-	185	185	-	229	229
Intangible assets	-	1,842	1,842	-	1,728	1,728
Statutory deposit	-	34,000	34,000	-	34,000	34,000
Investment return from statutory deposit	-	3,096	3,096	-	2,800	2,800
TOTAL ASSETS	525,606	356,234	881,840	530,652	360,047	890,699
LIABILITIES						
Payables, accruals and others	26,499	848	27,347	17,217	1,493	18,710
Provision for zakat and income tax	-	3,058	3,058	-	4,452	4,452
Retakaful balances payable	3,715	-	3,715	8,574	-	8,574
Gross unearned contributions	9,359	-	9,359	14,389	-	14,389
Unearned commission income	1,932	-	1,932	2,555	-	2,555
Gross outstanding claims	86,835	-	86,835	83,529	-	83,529
Unexpired risk reserve	4,273	-	4,273	5,531	-	5,531
Non-unit reserve	4,479	-	4,479	4,311	-	4,311
Provision for employees' end-of-service benefits	6,902	-	6,902	7,091	-	7,091
Surplus distribution payable	6,593	-	6,593	6,593	-	6,593
Reserve for takaful activities	375,133	-	375,133	381,037	-	381,037
Investment return from statutory deposit	-	3,096	3,096	-	2,800	2,800
TOTAL LIABILITIES	525,720	7,002	532,722	530,827	8,745	539,572
Takaful operations' surplus	-	-	-	-	-	-
Remeasurements of retirement benefit obligations	(114)	-	(114)	(175)	-	(175)
TOTAL LIABILITIES AND TAKAFUL OPERATIONS' SURPLUS	525,606	7,002	532,608	530,652	8,745	539,397
SHAREHOLDERS' EQUITY						
Share capital	-	340,000	340,000	-	340,000	340,000
Legal reserve	-	14,577	14,577	-	14,577	14,577
Accumulated losses	-	(5,345)	(5,345)	-	(3,275)	(3,275)
	-	349,232	349,232	-	351,302	351,302
TOTAL LIABILITIES, TAKAFUL OPERATIONS' SURPLUS AND SHAREHOLDERS' EQUITY	525,606	356,234	881,840	530,652	360,047	890,699

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
30 June 2018

13. SUPPLEMENTARY INFORMATION (continued)

Interim condensed statement of income

	For three months ended 30 June 2018 (Unaudited)			SAR '000 For three months ended 30 June 2017 (Unaudited)		
	Takaful operations	Shareholders' operations	Total	Takaful operations	Shareholders' operations	Total
REVENUES						
Gross contributions written						
- Family Takaful	28,841	-	28,841	35,065	-	35,065
- General Takaful	4,035	-	4,035	5,370	-	5,370
Gross contributions written	32,876	-	32,876	40,435	-	40,435
Retakaful contribution ceded						
- Local retakaful contribution ceded	(2,067)	-	(2,067)	(2,034)	-	(2,034)
- Foreign retakaful contribution ceded	(7,172)	-	(7,172)	(9,481)	-	(9,481)
Planholder charges	3,611	-	3,611	4,915	-	4,915
Net contributions written	27,248	-	27,248	33,835	-	33,835
Changes in gross unearned contributions						
Changes in retakaful share of unearned contributions	2,400	-	2,400	2,815	-	2,815
	(2,158)	-	(2,158)	(2,346)	-	(2,346)
Net contributions earned	27,490	-	27,490	34,304	-	34,304
Fees and commission income	2,298	-	2,298	1,695	-	1,695
Total revenue	29,788	-	29,788	35,999	-	35,999
UNDERWRITING COSTS AND EXPENSES						
Gross claims paid						
Retakaful share of claims paid	(15,998)	-	(15,998)	(15,361)	-	(15,361)
Surrenders and maturities	12,894	-	12,894	11,611	-	11,611
	(27,548)	-	(27,548)	(22,539)	-	(22,539)
Net claims and other benefits paid	(30,652)	-	(30,652)	(26,289)	-	(26,289)
Changes in outstanding claims, net						
Changes in IBNR, net	409	-	409	990	-	990
	1,158	-	1,158	(86)	-	(86)
Net claims and other benefits incurred	(29,085)	-	(29,085)	(25,385)	-	(25,385)
Changes in reserve for takaful activities						
Changes in non-unit reserve	8,510	-	8,510	139	-	139
Changes in unexpired risk reserve	(23)	-	(23)	-	-	-
Policy acquisition costs	89	-	89	-	-	-
	(820)	-	(820)	(1,427)	-	(1,427)
Total underwriting costs and expenses	(21,329)	-	(21,329)	(26,673)	-	(26,673)
Net underwriting income	8,459	-	8,459	9,326	-	9,326
OTHER OPERATING (EXPENSES)/ INCOME						
General and administrative expenses	(9,774)	(840)	(10,614)	(9,072)	(688)	(9,760)
Rebate income	330	-	330	421	-	421
Income from deposits	186	978	1,164	68	513	581
Income from sukuks	-	1,049	1,049	-	1,293	1,293
TOTAL OTHER OPERATING EXPENSES, NET	(9,258)	1,187	(8,071)	(8,583)	1,118	(7,465)
Total (loss)/ income for the period	(799)	1,187	388	743	1,118	1,861
Shareholders' absorption of deficit/ (surplus transferred to Shareholders) from takaful operations						
	799	(799)	-	(669)	669	-
Net result after shareholders' absorption of deficit/ transfer of surplus to shareholders	-	388	388	74	1,787	1,861

13. SUPPLEMENTARY INFORMATION (continued)

Interim condensed statement of income - continued

	SAR '000					
	For six months ended 30 June 2018 (Unaudited)			For six months ended 30 June 2017 (Unaudited)		
	Takaful operations	Shareholders' operations	Total	Takaful operations	Shareholders' operations	Total
REVENUES						
Gross contributions written						
- Family Takaful	57,952	-	57,952	74,319	-	74,319
- General Takaful	9,401	-	9,401	13,285	-	13,285
Gross contributions written	67,353	-	67,353	87,604	-	87,604
Retakaful contribution ceded						
- Local retakaful contribution ceded	(4,112)	-	(4,112)	(5,018)	-	(5,018)
- Foreign retakaful contribution ceded	(16,261)	-	(16,261)	(21,536)	-	(21,536)
Planholder charges	7,795	-	7,795	10,317	-	10,317
Net contributions written	54,775	-	54,775	71,367	-	71,367
Changes in gross unearned contributions	5,030	-	5,030	4,188	-	4,188
Changes in retakaful share of unearned contributions	(3,094)	-	(3,094)	(2,393)	-	(2,393)
Net contributions earned	56,711	-	56,711	73,162	-	73,162
Fees and commission income	3,621	-	3,621	3,058	-	3,058
Total revenue	60,332	-	60,332	76,220	-	76,220
UNDERWRITING COSTS AND EXPENSES						
Gross claims paid	(21,805)	-	(21,805)	(26,465)	-	(26,465)
Retakaful share of claims paid	17,094	-	17,094	19,051	-	19,051
Surrenders and maturities	(52,908)	-	(52,908)	(36,625)	-	(36,625)
Net claims and other benefits paid	(57,619)	-	(57,619)	(44,039)	-	(44,039)
Changes in outstanding claims, net	300	-	300	904	-	904
Changes in IBNR, net	1,562	-	1,562	(382)	-	(382)
Net claims and other benefits incurred	(55,757)	-	(55,757)	(43,517)	-	(43,517)
Changes in reserve for takaful activities	14,644	-	14,644	(11,483)	-	(11,483)
Changes in non-unit reserve	(168)	-	(168)	-	-	-
Changes in unexpired risk reserve	1,258	-	1,258	-	-	-
Policy acquisition costs	(1,835)	-	(1,835)	(2,790)	-	(2,790)
Total underwriting costs and expenses	(41,858)	-	(41,858)	(57,790)	-	(57,790)
Net underwriting income	18,474	-	18,474	18,430	-	18,430
OTHER OPERATING (EXPENSES)/ INCOME						
General and administrative expenses	(21,286)	(1,298)	(22,584)	(17,892)	(1,303)	(19,195)
Rebate income	782	-	782	680	-	680
Income from deposits	271	1,967	2,238	153	1,199	1,352
Income from sukuku	-	2,078	2,078	-	2,773	2,773
TOTAL OTHER OPERATING EXPENSES, NET	(20,233)	2,747	(17,486)	(17,059)	2,669	(14,390)
Total (loss)/ income for the period	(1,759)	2,747	988	1,371	2,669	4,040
Shareholders' absorption of deficit/ (surplus transferred to Shareholders) from takaful operations	1,759	(1,759)	-	(1,234)	1,234	-
Net result after shareholders' absorption of deficit/ transfer of surplus to shareholders	-	988	988	137	3,903	4,040

13. SUPPLEMENTARY INFORMATION (continued)

Interim condensed statement of comprehensive income

	SAR '000					
	For the three months ended 30 June 2018 (Unaudited)			For the three months ended 30 June 2017 (Unaudited)		
	Takaful operations	Shareholders' operations	Total	Takaful operations	Shareholders' operations	Total
Net result after shareholders' absorption of deficit/ transfer of surplus to shareholders	-	388	388	74	1,787	1,861
Other comprehensive income						
<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	6,948	-	6,948	6,693	-	6,693
- Fair value change in reserve for takaful activities – unrealized	(6,948)	-	(6,948)	(6,693)	-	(6,693)
<i>Items that will not be reclassified to interim condensed statement of income in subsequent periods</i>						
- Remeasurements of retirement benefit obligations	72	-	72	-	-	-
Total comprehensive income for the period	<u>72</u>	<u>388</u>	<u>460</u>	<u>74</u>	<u>1,787</u>	<u>1,861</u>

	SAR '000					
	For the six months ended 30 June 2018 (Unaudited)			For the six months ended 30 June 2017 (Unaudited)		
	Takaful operations	Shareholders' operations	Total	Takaful operations	Shareholders' operations	Total
Net result after shareholders' absorption of deficit/ transfer of surplus to shareholders	-	988	988	137	3,903	4,040
Other comprehensive 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	16,535	-	16,535	14,602	-	14,602
- Fair value change in reserve for takaful activities – unrealized	(16,535)	-	(16,535)	(14,602)	-	(14,602)
<i>Items that will not be reclassified to interim condensed statement of income in subsequent periods</i>						
- Remeasurements of retirement benefit obligations	61	-	61	-	-	-
Total comprehensive (loss)/ income for the period	<u>61</u>	<u>988</u>	<u>1,049</u>	<u>137</u>	<u>3,903</u>	<u>4,040</u>

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
30 June 2018

13. SUPPLEMENTARY INFORMATION (continued)

Interim condensed statement of cash flows

	For the six months ended 30 June 2018			For the six months ended 30 June 2017		
	(Unaudited) – SAR '000			(Unaudited) – SAR '000		
	Takaful operations	Shareholders' operations	Total	Takaful operations	Shareholders' operations	Total
CASHFLOWS FROM OPERATING ACTIVITIES						
Net profit for the period	-	988	988	137	3,903	4,040
Adjustment for non-cash items:						
Amortisation	-	287	287	-	301	301
Depreciation	-	44	44	-	36	36
Income from sukuks	-	(2,078)	(2,078)	-	(2,773)	(2,773)
Gain on sale of motor vehicle	-	-	-	-	(19)	(19)
Shareholders' appropriation from deficit/ surplus	(1,759)	1,759	-	1,234	(1,234)	-
Provision of impairment on contribution receivables	427	-	427	896	-	896
Provision for employees' end-of-service benefits	542	-	542	(480)	-	(480)
	(790)	1,000	210	1,787	214	2,001
Changes in operating assets and liabilities:						
Contributions receivable, net	4,845	-	4,845	796	-	796
Retakaful balances receivable	(2,788)	-	(2,788)	(3,390)	-	(3,390)
Retakaful share of unearned contributions	3,094	-	3,094	2,393	-	2,393
Retakaful share of outstanding claims	(5,168)	-	(5,168)	(303)	-	(303)
Deferred policy acquisition costs	(39)	-	(39)	(254)	-	(254)
Available-for-sale investments	5,904	-	5,904	(15,768)	-	(15,768)
Prepayments and other receivables	31	(197)	(166)	320	-	320
Payables, accruals and others	9,282	(645)	8,637	(91)	-	(91)
Retakaful balances payable	(4,859)	-	(4,859)	(1,634)	-	(1,634)
Gross unearned contributions	(5,030)	-	(5,030)	(4,188)	-	(4,188)
Unearned commission income	(623)	-	(623)	(77)	-	(77)
Gross outstanding claims	3,306	-	3,306	(219)	-	(219)
Unexpired risk reserve	(1,258)	-	(1,258)	-	-	-
Non-unit reserve	168	-	168	-	-	-
Reserve for takaful activities	(5,904)	-	(5,904)	15,768	-	15,768
	171	158	329	(4,860)	214	(4,646)
Employees' end-of-service benefits paid	(670)	-	(670)	(100)	-	(100)
Zakat and tax paid	-	(4,452)	(4,452)	-	(5,663)	(5,663)
Net cash generated from/ (used in) operating activities	(499)	(4,294)	(4,793)	(4,960)	(5,449)	(10,409)
CASHFLOWS FROM INVESTING ACTIVITIES						
Maturity of held-to-maturity investments	-	12,000	12,000	-	35,000	35,000
Income received from sukuks	-	2,078	2,078	-	2,971	2,971
Purchase of intangible assets	-	(401)	(401)	-	(158)	(158)
Purchase of motor vehicle	-	-	-	-	(201)	(201)
Proceeds from sale of motor vehicle	-	-	-	-	19	19
Net cash generated from investing activities	-	13,677	13,677	-	37,631	37,631
CASHFLOWS FROM FINANCING ACTIVITIES						
Due from/ (to) shareholders/ takaful operations, net	27,618	(27,618)	-	(5,076)	5,076	-
Net change in cash and cash equivalents	27,119	(18,235)	8,884	(10,036)	37,258	27,222
Cash and cash equivalents, beginning of the period	33,746	205,353	239,099	37,175	150,815	187,990
Cash and cash equivalents, end of the period	60,865	187,118	247,983	27,139	188,073	215,212
Non-cash supplemental information:						
Net change in fair value of available for sale investments	16,535	-	16,535	14,602	-	14,602

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

These interim condensed financial information have been approved by the Board of Directors on 24 Dhu-al-Qadah 1439H corresponding to 6 August 2018.