
SABB TAKAFUL COMPANY
(A SAUDI JOINT STOCK COMPANY)

UNAUDITED INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE MONTH PERIOD
ENDED 31 MARCH 2018



Crowe Horwath

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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 March 31, 2018 and the related interim statement of income, interim statement of comprehensive income, interim statement of changes in shareholders' equity and interim statement of cash flows for the three-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 accounting of zakat and income taxes. Our responsibility is to express a conclusion on these 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: 7 May 2018
Corresponding to: 21 Sha'han 1439H



SABB Takaful Company (A Saudi Joint Stock Company)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

At 31 March 2018

	<i>Notes</i>	<i>31 March 2018 (Unaudited) SAR'000</i>	<i>31 December 2017 (Audited) SAR'000</i>
<u>ASSETS</u>			
Cash and cash equivalents	5	245,364	239,099
Contributions receivable, net	4	14,553	12,546
Retakaful balances receivable		2,122	1,950
Retakaful share of unearned contributions	7(b)	9,866	10,802
Retakaful share of outstanding claims	6	62,442	66,082
Deferred policy acquisition costs		731	824
Available-for-sale investments	3	380,306	381,037
Held-to-maturity investments	3	138,064	137,864
Prepayments and other receivables		1,871	1,738
Motor vehicle		207	229
Intangible assets		1,699	1,728
Statutory deposit		34,000	34,000
Investment return from statutory deposit		2,930	2,800
TOTAL ASSETS		894,155	890,699

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 CONDENSED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

At 31 March 2018

	<i>Notes</i>	31 March 2018 (Unaudited) SAR'000	31 December 2017 (Audited) SAR'000
<u>LIABILITIES</u>			
Payables, accruals and others		25,076	18,710
Provision for zakat and income tax	11	5,990	4,452
Retakaful balances payable		13,721	8,574
Gross unearned contributions	7(b)	11,759	14,389
Unearned commission income		2,237	2,555
Gross outstanding claims	6	79,594	83,529
Unexpired risk reserve	7(d)	4,362	5,531
Non-unit reserve	7(c)	4,456	4,311
Provision for employees' end-of-service benefits		6,953	7,091
Surplus distribution payable		6,593	6,593
Reserve for takaful activities	7(a),3(c)	380,306	381,037
Investment return from statutory deposit		2,930	2,800
		<u>543,977</u>	<u>539,572</u>
Remeasurements of retirement benefit obligations		(186)	(175)
		<u>543,791</u>	<u>539,397</u>
<u>SHAREHOLDERS' EQUITY</u>			
Share capital	12	340,000	340,000
Legal reserve		14,577	14,577
Accumulated losses		(4,213)	(3,275)
		<u>350,364</u>	<u>351,302</u>
TOTAL EQUITY		<u>350,364</u>	<u>351,302</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u><u>894,155</u></u>	<u><u>890,699</u></u>

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 CONDENSED STATEMENT OF INCOME (UNAUDITED)

For the three months period ended 31 March 2018

	<i>Note</i>	<i>Three months ended 31 March 2018 SAR'000</i>	<i>Three months ended 31 March 2017 SAR'000</i>
<u>REVENUES</u>			
Gross contributions written			
- Family Takaful		29,111	39,254
- General Takaful		5,366	7,915
Gross contributions written		34,477	47,169
Retakaful contribution ceded			
- Local retakaful contribution ceded		(2,045)	(2,984)
- Foreign retakaful contribution ceded		(9,089)	(12,055)
Planholder charges		4,184	5,402
Net written contributions		27,527	37,532
Changes in gross unearned contributions		2,630	1,373
Changes in retakaful share of unearned contributions		(936)	(47)
Net contributions earned		29,221	38,858
Fees and commission income		1,323	1,363
Total revenue		30,544	40,221
<u>UNDERWRITING COSTS AND EXPENSES</u>			
Gross claims paid		(5,807)	(11,104)
Retakaful share of claims paid		4,200	7,440
Surrenders and maturities		(25,360)	(14,086)
Net claims and other benefits paid		(26,967)	(17,750)
Changes in outstanding claims, net		(109)	(86)
Changes in IBNR, net		404	(296)
Net claims and other benefits incurred		(26,672)	(18,132)
Changes in reserve for takaful activities		6,134	(11,622)
Changes in non-unit reserve		(145)	-
Changes in unexpired risk reserve		1,169	-
Policy acquisition costs		(1,015)	(1,363)
Total underwriting costs and expenses		(20,529)	(31,117)
Net underwriting income		10,015	9,104
<u>OTHER OPERATING (EXPENSES)/ INCOME</u>			
General and administrative expenses		(11,970)	(9,435)
Rebate income		452	259
Income from deposits		1,074	771
Income from sukuks		1,029	1,480
TOTAL OTHER OPERATING EXPENSES, NET		(9,415)	(6,925)
Total income for the period		600	2,179
Total income for the period attributed to the takaful operations		-	(63)
Total income for the period attributable to the shareholders		600	2,116
Earnings per share (SAR per share)	9	0.02	0.06

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 CONDENSED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the three months period ended 31 March 2018

	Notes	Three months ended 31 March 2018 SAR'000	Three months ended 31 March 2017 SAR'000
Total income for the period		600	2,179
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	3(c)	9,587	7,909
- Fair value change in reserve for takaful activities – unrealized	7(a)	(9,587)	(7,909)
<i>Items that will not be reclassified to interim condensed statement of income in subsequent periods</i>			
- Remeasurements of retirement benefit obligations		(11)	-
Total comprehensive income for the period		589	2,179
Total comprehensive loss/ (income) attributed to the takaful operations		11	(63)
Total comprehensive income for the period attributable to the shareholders		600	2,116

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 CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)

For the three months period ended 31 March 2018

	<i>Share capital</i>	<i>Legal reserve</i>	<i>Accumulated losses</i>	<i>Total</i>
	<u>SAR'000</u>	<u>SAR'000</u>	<u>SAR'000</u>	<u>SAR'000</u>
Balance as at 1 January 2018	340,000	14,577	(3,275)	351,302
Total comprehensive income for the period	-	-	600	600
Provision for zakat and tax	-	-	(1,538)	(1,538)
Balance as at 31 March 2018	<u>340,000</u>	<u>14,577</u>	<u>(4,213)</u>	<u>350,364</u>

	<i>Share capital</i>	<i>Legal reserve</i>	<i>Retained earnings</i>	<i>Total</i>
	<u>SAR'000</u>	<u>SAR'000</u>	<u>SAR'000</u>	<u>SAR'000</u>
Balance as at 1 January 2017	340,000	14,577	6,624	361,201
Total comprehensive income for the period	-	-	2,116	2,116
Provision for zakat and tax	-	-	(1,357)	(1,357)
Balance as at 31 March 2017	<u>340,000</u>	<u>14,577</u>	<u>7,383</u>	<u>361,960</u>

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 CONDENSED STATEMENT OF CASH FLOWS (Unaudited)

For the three months period ended 31 March 2018

Note	<i>Three months ended 31 March 2018 SAR'000</i>	<i>Three months ended 31 March 2017 SAR'000</i>
CASHFLOWS FROM OPERATING ACTIVITIES		
Net profit for the period	600	2,179
Adjustment for non-cash items:		
Amortisation	135	146
Depreciation	22	14
Income from sukuks	(1,029)	(1,480)
Gain on sale of motor vehicle	-	(19)
Provision of impairment on contribution receivables	523	202
Provision for employees' end-of-service benefits	272	250
	<u>523</u>	<u>1,292</u>
Changes in operating assets and liabilities:		
Contributions receivable, net	(2,530)	3,323
Retakaful balances receivable	(172)	(1,755)
Retakaful share of unearned contributions	936	47
Retakaful share of outstanding claims	3,640	(2,403)
Deferred policy acquisition costs	93	(147)
Available-for-sale investments	731	(14,129)
Prepayments and other receivables	(133)	(258)
Payables, accruals and others	6,366	(757)
Retakaful balances payable	5,147	4,740
Gross unearned contributions	(2,630)	(1,373)
Unearned commission income	(318)	230
Gross outstanding claims	(3,935)	2,785
Unexpired risk reserve	(1,169)	-
Reserve for takaful activities	(731)	14,129
Non-unit reserve	145	-
	<u>5,963</u>	<u>5,724</u>
Employees' end-of-service benefits paid	(421)	(82)
Net cash generated from operating activities	<u>5,542</u>	<u>5,642</u>
CASHFLOWS FROM INVESTING ACTIVITIES		
Income received from sukuks	829	1,133
Purchase of intangible assets	(106)	(31)
Purchase of motor vehicle	-	(201)
Proceeds from sale of motor vehicle	-	19
Net cash generated from investing activities	<u>723</u>	<u>920</u>
Net change in cash and cash equivalents	<u>6,265</u>	<u>6,562</u>
Cash and cash equivalents, beginning of the period	5 <u>239,099</u>	187,990
Cash and cash equivalents, end of the period	5 <u>245,364</u>	194,552
Non-cash supplemental information:		
Net change in fair value of available-for-sale investments	<u>9,587</u>	<u>7,909</u>

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

SABB Takaful Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

31 March 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. Subsequent to the year end, 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 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.

SABB Takaful Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

31 March 2018

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.

c) 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.

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 (IFRS 17). 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 commencement of the new insurance contract standard (IFRS 17) 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.

SABB Takaful Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

31 March 2018

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)

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.

d) Significant accounting estimates, assumptions and risk management policies

The preparation of interim 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 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.

e) Functional and presentation currency

The functional and presentational currency of the Company is Saudi Riyals. The 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

31 March 2018

3. INVESTMENTS

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

	<i>31 March 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>380,306</u>	<u>-</u>	<u>380,306</u>
<i>Held-to-maturity investments – Unquoted</i>			
Saudi Hollandi Bank Sukuk (SHB-IV)	-	5,055	5,055
General Authority of Civil Aviation Sukuk (GACA - I)	-	50,254	50,254
The National Industrialization Company Sukuk (TASNEE)	-	50,566	50,566
The Power and Water Utility Company for Jubail and Yanbu Sukuk (MARAFIQ)	-	12,120	12,120
Bank AlBilad Sukuk	-	20,069	20,069
	<u>-</u>	<u>138,064</u>	<u>138,064</u>
Total investments	<u><u>380,306</u></u>	<u><u>138,064</u></u>	<u><u>518,370</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>-</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>-</u>	<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>

SABB Takaful Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

31 March 2018

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 31 March 2018 is SAR 138.06 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>31 March 2018 (Unaudited) SAR'000</i>	<i>31 December 2017 (Audited) SAR'000</i>
Opening balance	381,037	353,740
Purchased during the period/ year	19,227	96,953
Sold during the period/ year	<u>(29,545)</u>	<u>(94,661)</u>
	370,719	356,032
Net change in fair values of investments	<u>9,587</u>	<u>25,005</u>
Closing balance	<u><u>380,306</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>31 March 2018 (Unaudited) SAR'000</i>	<i>31 December 2017 (Audited) SAR'000</i>
Due from policy holders	7,787	8,329
Due from a shareholder (The Saudi British Bank)	<u>8,843</u>	<u>5,771</u>
	16,630	14,100
Provision for impairment	<u>(2,077)</u>	<u>(1,554)</u>
	<u><u>14,553</u></u>	<u><u>12,546</u></u>

SABB Takaful Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

31 March 2018

5. CASH AND CASH EQUIVALENTS

	31 March 2018 (Unaudited)		
	SAR'000		
	<i>Takaful Operations</i>	<i>Shareholders</i>	<i>Total</i>
Bank balances	25,131	6,254	31,385
Murabaha deposits	35,096	178,883	213,979
	<u>60,227</u>	<u>185,137</u>	<u>245,364</u>

	31 December 2017 (Audited)		
	SAR'000		
	<i>Takaful Operations</i>	<i>Shareholders</i>	<i>Total</i>
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

	31 March 2018 (Unaudited)		
	<i>Gross SAR'000</i>	<i>Retakaful share SAR'000</i>	<i>Net SAR'000</i>
Family Takaful outstanding claims			
- Outstanding claim reserves	35,494	(26,599)	8,895
- Incurred but not reported reserve and other reserves	20,315	(15,317)	4,998
General Takaful outstanding claims			
- Outstanding claim reserves	18,693	(17,918)	775
- Incurred but not reported reserve and other reserves	5,092	(2,608)	2,484
Total outstanding claims	<u>79,594</u>	<u>(62,442)</u>	<u>17,152</u>
	31 December 2017 (Audited)		
	<i>Gross SAR'000</i>	<i>Retakaful share SAR'000</i>	<i>Net SAR'000</i>
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>

SABB Takaful Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

31 March 2018

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

a) Movement in reserve for takaful activities

	<i>Three months ended 31 March 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	(6,134)	23,233
Planholder charges	(4,184)	(20,941)
Net change in fair value of investments	9,587	25,005
Balance as at the end of the period/ year	<u>380,306</u>	<u>381,037</u>

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

b) Movement in net unearned contribution

	<i>Three months ended 31 March 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	15,250	(10,886)	4,364
Contribution earned during the period	(17,880)	11,822	(6,058)
Balance as at the end of the period	<u>11,759</u>	<u>(9,866)</u>	<u>1,893</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 31 March 2018, the Company has recorded a non-unit reserve of SAR 4.46 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 1.49 million (31 December 2017: SAR 2.66 million) pertaining to group family and general takaful segments respectively.

SABB Takaful Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

31 March 2018

8. SEGMENTAL INFORMATION

Consistent with the Company's internal reporting process, business segments have been approved by management in respect of the Company's activities. The Company's gross written contribution, net written contribution 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					
31 March 2018 (Unaudited)					
Gross written contribution	-	19,227	9,884	5,366	34,477
Net written contribution	-	23,163	3,669	695	27,527
Net contributions earned	-	23,163	4,194	1,864	29,221
Fees and commission income	-	-	-	1,323	1,323
Total revenue	-	23,163	4,194	3,187	30,544
Net claims and other benefits incurred	-	(25,958)	(35)	(679)	(26,672)
Changes in reserve for takaful activities	-	6,134	-	-	6,134
Changes in non-unit reserve	-	(145)	-	-	(145)
Changes in unexpired risk reserve	-	-	-	1,169	1,169
Policy acquisition costs	-	(283)	(94)	(638)	(1,015)
Net underwriting income for the period	-	2,911	4,065	3,039	10,015
Rebate income	-	452	-	-	452
Income from deposits	989	40	41	4	1,074
Income from sukuk	1,029	-	-	-	1,029
General and administrative expenses	(458)	(4,040)	(3,884)	(3,588)	(11,970)
Total income /(loss) for the period	1,560	(637)	222	(545)	600
Purchase of intangibles	106	-	-	-	106
Amortisation	135	-	-	-	135
Depreciation	22	-	-	-	22

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31 March 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>
31 March 2018 (Unaudited)					
Intangible assets	1,699	-	-	-	1,699
Motor vehicle	207	-	-	-	207
<u>Assets</u>					
Cash and cash equivalents	185,137	25,878	20,508	13,841	245,364
Contributions receivable, net	-	-	10,592	3,961	14,553
Retakaful balances receivable	-	-	1,102	1,020	2,122
Retakaful share of unearned contributions	-	-	291	9,575	9,866
Retakaful share of outstanding claims	-	355	41,561	20,526	62,442
Deferred policy acquisition costs	-	-	23	708	731
Available-for-sale investments	-	380,306	-	-	380,306
Held-to-maturity investments	138,064	-	-	-	138,064
Statutory deposit	34,000	-	-	-	34,000
Unallocated assets	-	-	-	-	6,707
Total assets					894,155
<u>Liabilities</u>					
Retakaful balances payable	-	318	2,703	10,700	13,721
Gross unearned contributions	-	-	797	10,962	11,759
Unearned commission income	-	-	-	2,237	2,237
Gross outstanding claims	-	2,494	53,315	23,785	79,594
Unexpired risk reserve	-	-	2,868	1,494	4,362
Reserve for takaful activities	-	380,306	-	-	380,306
Non-unit reserve	-	4,456	-	-	4,456
Provision for employees' end-of-service benefits	-	2,174	2,047	2,732	6,953
Unallocated liabilities	-	-	-	-	40,589
Total liabilities					543,977

SABB Takaful Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

31 March 2018

8. SEGMENTAL INFORMATION (continued)

	<i>Shareholders' Fund</i> SAR'000	<i>Individual Family (Protection & Savings)</i> SAR'000	<i>Group Family (Protection & Savings)</i> SAR'000	<i>General Takaful</i> SAR'000	<i>Total</i> SAR'000
For the three months ended					
31 March 2017 (Unaudited)					
Gross written contribution	-	25,708	13,546	7,915	47,169
Net written contribution	-	30,923	5,357	1,252	37,532
Net contributions earned	-	30,923	6,598	1,337	38,858
Fees and commission income	-	-	-	1,363	1,363
Total revenue	-	30,923	6,598	2,700	40,221
Net claims and other benefits incurred	-	(15,136)	(2,723)	(273)	(18,132)
Changes in reserve for takaful activities	-	(11,622)	-	-	(11,622)
Policy acquisition costs	-	(649)	(142)	(572)	(1,363)
	<u>-</u>	<u>3,516</u>	<u>3,733</u>	<u>1,855</u>	<u>9,104</u>
Net underwriting income for the period	-	3,516	3,733	1,855	9,104
Rebate income	-	259	-	-	259
Income from deposits	686	71	14	-	771
Income from sukuks	1,480	-	-	-	1,480
General and administrative expenses	(615)	(2,926)	(3,114)	(2,780)	(9,435)
	<u>1,551</u>	<u>920</u>	<u>633</u>	<u>(925)</u>	<u>2,179</u>
Total income/ (loss) for the period	<u>1,551</u>	<u>920</u>	<u>633</u>	<u>(925)</u>	<u>2,179</u>
Purchase of intangibles	31	-	-	-	31
Purchase of motor vehicle	201	-	-	-	201
Disposal of motor vehicle	19	-	-	-	19
Amortisation	146	-	-	-	146
Depreciation	14	-	-	-	14
	<u>31</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>31</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>146</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>146</u>
	<u>14</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14</u>
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	<u>201</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>201</u>
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	<u>146</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>146</u>
	<u>14</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14</u>
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	<u>14</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14</u>
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	<u>14</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14</u>
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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:

	<i>Three months ended 31 March 2018 SAR'000 (Unaudited)</i>	<i>Three months ended 31 March 2017 SAR'000 (Unaudited)</i>
Net profit for the period (SAR'000)	<u>600</u>	<u>2,116</u>
Weighted average number of ordinary shares (Number in thousands)	<u>34,000</u>	<u>34,000</u>
Earnings per share (SAR)	<u>0.02</u>	<u>0.06</u>

10. RELATED PARTY TRANSACTIONS

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

a) Transactions with related parties

The summary of major related party transactions is as follows:

	<i>Three months ended 31 March 2018 SAR'000 (Unaudited)</i>	<i>Three months ended 31 March 2017 SAR'000 (Unaudited)</i>
The Saudi British Bank <i>(a shareholder of the Company)</i>		
Contributions	8,833	9,896
Claims paid	4,506	6,971
Other expenses		
- IT maintenance cost and related expenses	888	974
- Overheads	-	4
Investment income on murabaha deposits	63	34
Other entities controlled, jointly controlled or significantly influenced by related parties		
Policy acquisition costs paid	817	1,171
HSBC Saudi Arabia Limited - IBSA		
Rebate on unit-linked investments	452	259

'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.

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31 March 2018

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:

	<i>Three months period ended 31 March 2018 SAR'000 (Unaudited)</i>		<i>Three months period ended 31 March 2017 SAR'000 (Unaudited)</i>	
	<i>Takaful Operations</i>	<i>Shareholders</i>	<i>Takaful Operations</i>	<i>Shareholders</i>
Salaries and other benefits	928	-	998	-
End-of-service benefits	60	-	41	-
Directors' remunerations and other benefits	-	210	-	167

11. ZAKAT AND TAX

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 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 31 March 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
	100.00%	340,000

SABB Takaful Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

31 March 2018

13. SUPPLEMENTARY INFORMATION

Interim condensed financial information

	SAR '000					
	March 31, 2018 - (Unaudited)			December 31, 2017 (Audited)		
	Takaful operations	Shareholders' operations	Total	Takaful operations	Shareholders' operations	Total
ASSETS						
Cash and cash equivalents	60,227	185,137	245,364	33,746	205,353	239,099
Contributions receivable, net	14,553	-	14,553	12,546	-	12,546
Retakaful balances receivable	2,122	-	2,122	1,950	-	1,950
Retakaful share of unearned contributions	9,866	-	9,866	10,802	-	10,802
Retakaful share of outstanding claims	62,442	-	62,442	66,082	-	66,082
Deferred policy acquisition costs	731	-	731	824	-	824
Due from/ (to) shareholders/ takaful operations	1,898	(1,898)	-	22,202	(22,202)	-
Available-for-sale investments	380,306	-	380,306	381,037	-	381,037
Held-to-maturity investments	-	138,064	138,064	-	137,864	137,864
Prepayments and other receivables	1,370	501	1,871	1,463	275	1,738
Motor vehicle	-	207	207	-	229	229
Intangible assets	-	1,699	1,699	-	1,728	1,728
Statutory deposit	-	34,000	34,000	-	34,000	34,000
Investment return from statutory deposit	-	2,930	2,930	-	2,800	2,800
TOTAL ASSETS	533,515	360,640	894,155	530,652	360,047	890,699
LIABILITIES						
Payables, accruals and others	23,720	1,356	25,076	17,217	1,493	18,710
Retakaful balances payable	13,721	-	13,721	8,574	-	8,574
Gross unearned contributions	11,759	-	11,759	14,389	-	14,389
Unearned commission income	2,237	-	2,237	2,555	-	2,555
Gross outstanding claims	79,594	-	79,594	83,529	-	83,529
Unexpired risk reserve	4,362	-	4,362	5,531	-	5,531
Reserve for takaful activities	380,306	-	380,306	381,037	-	381,037
Non-unit reserve	4,456	-	4,456	4,311	-	4,311
Provision for employees' end-of-service benefits	6,953	-	6,953	7,091	-	7,091
Surplus distribution payable	6,593	-	6,593	6,593	-	6,593
Provision for zakat and income tax	-	5,990	5,990	-	4,452	4,452
Investment return from statutory deposit	-	2,930	2,930	-	2,800	2,800
	533,701	10,276	543,977	530,827	8,745	539,572
Remeasurements of retirement benefit obligations	(186)	-	(186)	(175)	-	(175)
TOTAL LIABILITIES	533,515	10,276	543,791	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	-	(4,213)	(4,213)	-	(3,275)	(3,275)
	-	350,364	350,364	-	351,302	351,302
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	533,515	360,640	894,155	530,652	360,047	890,699

SABB Takaful Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

31 March 2018

13. SUPPLEMENTARY INFORMATION (continued)

Interim condensed statement of income

	SAR '000					
	31 March 2018 (Unaudited)			31 March 2017 (Unaudited)		
	Takaful operations	Shareholders' operations	Total	Takaful operations	Shareholders' operations	Total
<u>REVENUES</u>						
Gross contributions written						
- Family Takaful	29,111	-	29,111	39,254	-	39,254
- General Takaful	5,366	-	5,366	7,915	-	7,915
Gross contributions written	34,477	-	34,477	47,169	-	47,169
Retakaful contribution ceded						
- Local retakaful contribution ceded	(2,045)	-	(2,045)	(2,984)	-	(2,984)
- Foreign retakaful contribution ceded	(9,089)	-	(9,089)	(12,055)	-	(12,055)
Planholder charges	4,184	-	4,184	5,402	-	5,402
Net written contribution	27,527	-	27,527	37,532	-	37,532
Changes in gross unearned contributions	2,630	-	2,630	1,373	-	1,373
Changes in retakaful share of unearned contributions	(936)	-	(936)	(47)	-	(47)
Net contributions earned	29,221	-	29,221	38,858	-	38,858
Fees and commission income	1,323	-	1,323	1,363	-	1,363
Total revenue	30,544	-	30,544	40,221	-	40,221
<u>UNDERWRITING COSTS AND EXPENSES</u>						
Gross claims paid	(5,807)	-	(5,807)	(11,104)	-	(11,104)
Retakaful share of claims paid	4,200	-	4,200	7,440	-	7,440
Surrenders and maturities	(25,360)	-	(25,360)	(14,086)	-	(14,086)
Net claims and other benefits paid	(26,967)	-	(26,967)	(17,750)	-	(17,750)
Changes in outstanding claims, net	(109)	-	(109)	(86)	-	(86)
Changes in IBNR, net	404	-	404	(296)	-	(296)
Net claims and other benefits incurred	(26,672)	-	(26,672)	(18,132)	-	(18,132)
Changes in reserve for takaful activities	6,134	-	6,134	(11,622)	-	(11,622)
Changes in non-unit reserve	(145)	-	(145)	-	-	-
Changes in unexpired risk reserve	1,169	-	1,169	-	-	-
Policy acquisition costs	(1,015)	-	(1,015)	(1,363)	-	(1,363)
Total underwriting costs and expenses	(20,529)	-	(20,529)	(31,117)	-	(31,117)
Net underwriting income	10,015	-	10,015	9,104	-	9,104
<u>OTHER OPERATING (EXPENSES)/ INCOME</u>						
General and administrative expenses	(11,512)	(458)	(11,970)	(8,820)	(615)	(9,435)
Rebate income	452	-	452	259	-	259
Income from deposits	85	989	1,074	85	686	771
Income from sukus	-	1,029	1,029	-	1,480	1,480
TOTAL OTHER OPERATING EXPENSES, NET	(10,975)	1,560	(9,415)	(8,476)	1,551	(6,925)
Total (loss)/ income for the period	(960)	1,560	600	628	1,551	2,179
Shareholders' absorption of deficit/ (surplus transferred to Shareholders) from takaful operations	960	(960)	-	(565)	565	-
Net result after shareholders' absorption of deficit/ transfer of surplus to shareholders	-	600	600	63	2,116	2,179

SABB Takaful Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

31 March 2018

13. SUPPLEMENTARY INFORMATION (continued)

Interim condensed statement of comprehensive income

	SAR '000					
	March 31, 2018 - (Unaudited)			31 March 2017 (Unaudited)		
	Takaful operations	Shareholders' operations	Total	Takaful operations	Shareholders' operations	Total
Net result after shareholders' absorption of deficit/ transfer of surplus to shareholders	-	600	600	63	2,116	2,179
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	9,587	-	9,587	7,909	-	7,909
- Fair value change in reserve for takaful activities – unrealized	(9,587)	-	(9,587)	(7,909)	-	(7,909)
<i>Items that will not be reclassified to interim condensed statement of income in subsequent periods</i>						
- Remeasurements of retirement benefit obligations	(11)	-	(11)	-	-	-
Total comprehensive (loss)/ income for the period	(11)	600	600	63	2,116	2,179

SABB Takaful Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

31 March 2018

13. SUPPLEMENTARY INFORMATION (continued)

Interim condensed statement of cash flows

	31 March 2018 (Unaudited) – SAR '000			31 March 2017 (Unaudited) – SAR '000		
	Takaful operations	Shareholders' operations	Total	Takaful operations	Shareholders' operations	Total
CASHFLOWS FROM OPERATING ACTIVITIES						
Net profit for the period	-	600	600	63	2,116	2,179
Adjustment for non-cash items:						
Amortisation	-	135	135	-	146	146
Depreciation	-	22	22	-	14	14
Income from sukuks	-	(1,029)	(1,029)	-	(1,480)	(1,480)
Gain on sale of motor vehicle	-	-	-	-	(19)	(19)
Shareholders' appropriation from deficit/ surplus	(960)	960	-	565	(565)	-
Provision of impairment on contribution receivables	523	-	523	202	-	202
Provision for employees' end-of-service benefits	272	-	272	250	-	250
	<u>(165)</u>	<u>688</u>	<u>523</u>	<u>1,080</u>	<u>212</u>	<u>1,292</u>
Changes in operating assets and liabilities:						
Contributions receivable, net	(2,530)	-	(2,530)	3,323	-	3,323
Retakaful balances receivable	(172)	-	(172)	(1,755)	-	(1,755)
Retakaful share of unearned contributions	936	-	936	47	-	47
Retakaful share of outstanding claims	3,640	-	3,640	(2,403)	-	(2,403)
Deferred policy acquisition costs	93	-	93	(147)	-	(147)
Available-for-sale investments	731	-	731	(14,129)	-	(14,129)
Prepayments and other receivables	93	(226)	(133)	(67)	(191)	(258)
Payables, accruals and others	6,503	(137)	6,366	(635)	(122)	(757)
Retakaful balances payable	5,147	-	5,147	4,740	-	4,740
Gross unearned contributions	(2,630)	-	(2,630)	(1,373)	-	(1,373)
Unearned commission income	(318)	-	(318)	230	-	230
Gross outstanding claims	(3,935)	-	(3,935)	2,785	-	2,785
Unexpired risk reserve	(1,169)	-	(1,169)	-	-	-
Reserve for takaful activities	(731)	-	(731)	14,129	-	14,129
Non-unit reserve	145	-	145	-	-	-
	<u>5,638</u>	<u>325</u>	<u>5,963</u>	<u>5,825</u>	<u>(101)</u>	<u>5,724</u>
Employees' end-of-service benefits paid	(421)	-	(421)	(82)	-	(82)
	<u>5,217</u>	<u>325</u>	<u>5,542</u>	<u>5,743</u>	<u>(101)</u>	<u>5,642</u>
CASHFLOWS FROM INVESTING ACTIVITIES						
Income received from sukuks	-	829	829	-	1,133	1,133
Purchase of intangible assets	-	(106)	(106)	-	(31)	(31)
Purchase of motor vehicle	-	-	-	-	(201)	(201)
Proceeds from sale of motor vehicle	-	-	-	-	19	19
	<u>-</u>	<u>723</u>	<u>723</u>	<u>-</u>	<u>920</u>	<u>920</u>
CASHFLOWS FROM FINANCING ACTIVITIES						
Due from/ (to) shareholders/ takaful operations, net	21,264	(21,264)	-	(20,608)	20,608	-
	<u>26,481</u>	<u>(20,216)</u>	<u>6,265</u>	<u>(14,865)</u>	<u>21,427</u>	<u>6,562</u>
Net change in cash and cash equivalents						
Cash and cash equivalents, beginning of the period	33,746	205,353	239,099	37,175	150,815	187,990
	<u>60,227</u>	<u>185,137</u>	<u>245,364</u>	<u>22,310</u>	<u>172,242</u>	<u>194,552</u>
Cash and cash equivalents, end of the period						
Non-cash supplemental information:						
Net change in fair value of available for sale investments	9,587	-	9,587	7,909	-	7,909

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NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

31 March 2018

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 13 Shaban 1439H corresponding to 29 April 2018.
