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

**UNAUDITED INTERIM CONDENSED  
FINANCIAL STATEMENTS  
FOR THE THREE-MONTH PERIOD ENDED  
31 MARCH 2018**

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

**UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS  
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2018**

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<b>INDEX</b>	<b>PAGE</b>
Independent Auditors' Review Report	1
Interim Statement of Financial Position	2
Interim Statement of Income	3
Interim Statement of Comprehensive Income	4
Interim Statement of Changes in Shareholders' Equity	5
Interim Statement of Cash Flows	6 - 7
Notes to the Interim Condensed Financial Statements	8 – 28



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

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

#### Introduction:

We have reviewed the accompanying interim condensed statement of financial position of AlAhli Takaful Company - a Saudi Joint Stock Company ("the Company") as at 31 March 2018 and the related interim statements of income, comprehensive income, changes in shareholders' equity and cash flows for the three-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard 34 - "Interim Financial Reporting" (IAS 34) as modified by Saudi Arabian Monetary Authority (SAMA) for the accounting of zakat and income tax. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

#### Scope of Review:

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

#### Conclusion:

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared, in all material respects, in accordance with IAS 34 as modified by SAMA for the accounting of zakat and income tax.

For Ernst & Young

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Certified Accountant  
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For/ Baker Tilly MKM & Co.

Ayad Alseraihi  
Certified Accountant  
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Jeddah, Kingdom of Saudi Arabia  
24 Sha'ban 1439 H  
Corresponding to 10 May 2018



# ALAHLI TAKAFUL COMPANY – A SAUDI JOINT STOCK COMPANY

## INTERIM STATEMENT OF FINANCIAL POSITION

As at 31 March 2018

	<i>Notes</i>	<i>31 March 2018 (Unaudited) SR'000</i>	<i>31 December 2017 (Audited) SR'000</i>
<b>ASSETS</b>			
Cash and cash equivalents	4	20,716	26,671
Contribution and reinsurance receivable - net	5	71,481	13,277
Reinsurance share of unearned contribution	6	27,191	3,312
Reinsurance share of outstanding claims		26,182	21,094
Unit-linked investments	7	672,682	694,409
Investments	8	306,798	321,070
Due from a related party		-	109
Prepayments and other assets		7,673	5,998
Furniture, fittings and office equipment		1,812	2,000
Intangible assets		3,375	3,809
Statutory deposit		16,667	16,667
Accrued income on statutory deposit		1,163	1,093
<b>TOTAL ASSETS</b>		<b>1,155,740</b>	<b>1,109,509</b>
<b>LIABILITIES</b>			
Accrued and other liabilities		26,230	26,827
Reinsurance balances payable		70,962	51,073
Unearned contribution	6	41,284	4,998
Outstanding claims		30,625	23,700
Technical Reserve for Insurance Operations	9	692,393	716,893
Due to related parties	10	1,938	1,948
End-of-service indemnities		1,509	1,758
Surplus from Insurance Operations		18,685	17,698
Zakat and income tax	11	23,833	22,422
Dividends payable		5	7
Accrued income payable to SAMA		1,163	1,093
<b>TOTAL LIABILITIES</b>		<b>908,627</b>	<b>868,417</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital		166,667	166,667
Statutory reserve		27,914	26,343
Retained earnings		52,532	48,082
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>247,113</b>	<b>241,092</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>1,155,740</b>	<b>1,109,509</b>

Director

Chief Financial Officer

Chief Executive Officer

The accompanying notes 1 to 18 form an integral part of these interim condensed financial statements.

ALAHLI TAKAFUL COMPANY – A SAUDI JOINT STOCK COMPANY

INTERIM STATEMENT OF INCOME (UNAUDITED)

For the three-month period ended 31 March 2018

	<i>Notes</i>	<i>Three-month period ended 31 March</i>	
		<i>2018 SR'000</i>	<i>2017 SR'000</i>
<b>REVENUES</b>			
Gross contribution written		122,673	118,087
Reinsurance contribution ceded:			
- Local		-	-
- Foreign		(48,061)	(40,564)
<b>Net premiums written</b>		<b>74,612</b>	<b>77,523</b>
Change in unearned contributions - net		(12,407)	(11,970)
<b>Net premiums earned</b>		<b>62,205</b>	<b>65,553</b>
Investment fund fee	10	1,270	1,423
<b>TOTAL REVENUES</b>		<b>63,475</b>	<b>66,976</b>
<b>UNDERWRITING COSTS AND EXPENSES</b>			
Gross claims paid		(25,937)	(16,225)
Surrenders and maturities		(71,068)	(65,547)
Reinsurer's share of claims paid		23,400	14,270
<b>Net claims and other benefits paid</b>		<b>(73,605)</b>	<b>(67,502)</b>
Changes in outstanding claims - net		(1,837)	870
<b>Net claims and other benefits incurred</b>		<b>(75,442)</b>	<b>(66,632)</b>
Other technical reserves		27,772	16,207
Policy acquisition costs		(1,738)	(1,733)
Other underwriting expenses		(613)	(592)
<b>TOTAL UNDERWRITING COSTS AND EXPENSES</b>		<b>(50,021)</b>	<b>(52,750)</b>
<b>NET UNDERWRITING INCOME</b>		<b>13,454</b>	<b>14,226</b>
<b>OTHER OPERATING (EXPENSES)/ INCOME</b>			
Reversal of doubtful debts		830	397
General and administration expenses		(6,292)	(6,397)
Unrealised gain on investments		728	2,002
Realised gain on investments		124	146
<b>TOTAL OTHER OPERATING EXPENSES</b>		<b>(4,610)</b>	<b>(3,852)</b>
<b>Net income for the period</b>		<b>8,844</b>	<b>10,374</b>
Net income attributed to the insurance operations		(987)	(1,017)
<b>Net income for the period attributable to the shareholders</b>		<b>7,857</b>	<b>9,357</b>
Weighted average number of ordinary shares outstanding (in thousands)	14	16,667	16,667
Earnings per share for the period (SR)	14	0.47	0.56

Director

Chief Financial Officer

Chief Executive Officer

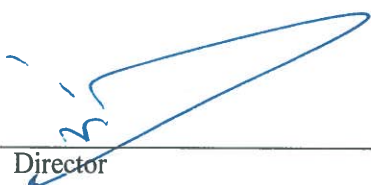
The accompanying notes 1 to 18 form an integral part of these interim condensed financial statements.

ALAHLI TAKAFUL COMPANY – A SAUDI JOINT STOCK COMPANY

INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the three-month period ended 31 March 2018

	<i>Three-month period ended 31 March</i>	
	<u>2018</u> SR'000	<u>2017</u> SR'000
NET INCOME FOR THE PERIOD ATTRIBUTABLE TO SHAREHOLDERS	7,857	9,357
<b>Other comprehensive income:</b>		
<i>Items that may be reclassified to interim statement of income</i>		
Net change in fair value of available-for-sale investments	-	(509)
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<u>7,857</u>	<u>8,848</u>

  
Director

  
Chief Financial Officer

  
Chief Executive Officer

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ALAHLI TAKAFUL COMPANY – A SAUDI JOINT STOCK COMPANY

INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the three-month period ended 31 March 2018

	<u>For the three-month period ended 31 March 2018</u>				
	<u>Share capital</u>	<u>Statutory reserve</u>	<u>Retained earnings</u>	<u>Cumulative changes in fair value of available for sale investments</u>	<u>Total</u>
	<u>SR'000</u>	<u>SR'000</u>	<u>SR'000</u>	<u>SR'000</u>	<u>SR'000</u>
Balance as at 31 December 2017 (audited)	166,667	26,343	48,082	-	241,092
Net income for the three-month period	-	-	7,857	-	7,857
<i>Other comprehensive income:</i>					
Zakat for the three-month period (note 11)	-	-	(1,264)	-	(1,264)
Income tax for the three-month period (note 11)	-	-	(147)	-	(147)
Payment for previously recovered amount to a non-Saudi shareholder exempted from tax	-	-	(425)	-	(425)
Transfer to statutory reserve	-	1,571	(1,571)	-	-
<b>Balance at 31 March 2018 (unaudited)</b>	<b>166,667</b>	<b>27,914</b>	<b>52,532</b>	<b>-</b>	<b>247,113</b>

	<u>For the three-month period ended 31 March 2017</u>				
	<u>Share capital</u>	<u>Statutory reserve</u>	<u>Retained earnings</u>	<u>Cumulative changes in fair value of available for sale investments</u>	<u>Total</u>
	<u>SR'000</u>	<u>SR'000</u>	<u>SR'000</u>	<u>SR'000</u>	<u>SR'000</u>
Balance as at 31 December 2016 (audited)	166,667	18,637	29,248	1,155	215,707
Net income for the three-month period	-	-	9,357	-	9,357
<i>Other comprehensive income:</i>					
Net change in fair value of available for sale investments	-	-	-	(509)	(509)
Zakat for the three-month period	-	-	(1,076)	-	(1,076)
Income tax for the three-month period	-	-	(418)	-	(418)
Transfer to statutory reserve	-	1,871	(1,871)	-	-
<b>Balance at 31 March 2017 (unaudited)</b>	<b>166,667</b>	<b>20,508</b>	<b>35,240</b>	<b>646</b>	<b>223,061</b>

Director

Chief Financial Officer

Chief Executive Officer

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ALAHLI TAKAFUL COMPANY – A SAUDI JOINT STOCK COMPANY

INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)

For the three-month period ended 31 March 2018

	<i>Three-month period ended</i>	
	<i>31 March</i>	
	<u>2018</u>	<u>2017</u>
	<i>SR'000</i>	<i>SR'000</i>
<b>OPERATING ACTIVITIES</b>		
Net income for the period	8,844	10,374
Adjustment for the period:		
Depreciation	205	165
Amortization of intangible assets	434	402
End-of-service indemnities, net	(249)	186
Reinsurance share of unearned contribution	(23,879)	(21,143)
Unearned contribution	36,286	33,113
Reversal of doubtful receivables	(830)	(397)
Unrealised gain on re-measurement of FVIS investments	(728)	(2,002)
	<hr/>	<hr/>
Income before changes in operating assets and liabilities	20,083	20,698
Changes in operating assets and liabilities:		
Unit-linked investments	21,727	8,391
Contribution and reinsurance receivable – net	(57,374)	(57,305)
Due from a related party	109	-
Prepayments and other assets	(1,675)	(2,016)
Reinsurance share of outstanding claims	(5,088)	16,022
Technical Reserve for Insurance Operations	(24,500)	2,464
Outstanding claims	6,925	(16,892)
Reinsurance balances payable	19,889	22,979
Due to related parties	(10)	862
Accrued and other liabilities	(597)	3,834
Accrued income on statutory deposit	(70)	(92)
Accrued income payable to SAMA	70	92
	<hr/>	<hr/>
Net cash used in operating activities	(20,511)	(963)
<b>INVESTING ACTIVITIES</b>		
Purchase of furniture, fittings and office equipment	(17)	(12)
Redemption of investments	15,000	46,928
Purchase of investments	-	(36,928)
	<hr/>	<hr/>
Net cash from investing activities	14,983	9,988

  
Director

  
Chief Financial Officer

  
Chief Executive Officer

The accompanying notes 1 to 18 form an integral part of these interim condensed financial statements.

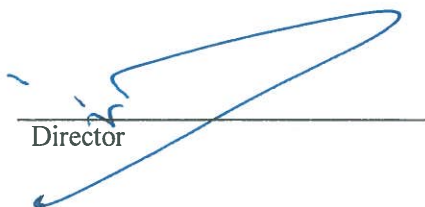


ALAHLI TAKAFUL COMPANY – A SAUDI JOINT STOCK COMPANY

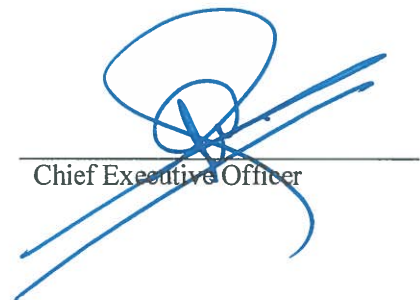
INTERIM STATEMENT OF CASH FLOWS (UNAUDITED) (continued)

For the three-month period ended 31 March 2018

	<i>Three-month period ended</i>	
	<i>31 March</i>	
	<u>2018</u>	<u>2017</u>
	<i>SR'000</i>	<i>SR'000</i>
<b>FINANCING ACTIVITIES</b>		
Payment for previously recovered amount to a non-Saudi shareholder exempted from tax	(425)	-
Dividend paid	(2)	-
Net cash used in financing activities	(427)	-
<b>Net (decrease)/ increase in cash and cash equivalents</b>	<b>(5,955)</b>	<b>9,025</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>26,671</b>	<b>19,033</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>20,716</b>	<b>28,058</b>

  
Director

  
Chief Financial Officer

  
Chief Executive Officer

The accompanying notes 1 to 18 form an integral part of these interim condensed financial statements.

# ALAHLI TAKAFUL COMPANY – A SAUDI JOINT STOCK COMPANY

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

As at 31 March 2018

### 1 ORGANIZATION AND PRINCIPAL ACTIVITIES

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

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

The objective of the Company is to transact cooperative insurance operations and related activities in the Kingdom of Saudi Arabia. The Company commenced its commercial operations on 4 February 2008. The Company was listed on the Saudi Stock Exchange on 18 August 2007. The Company is owned 79.04% by Saudi founding shareholders and general public subject to zakat and 20.96% by non Saudi founding shareholders subject to income tax.

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

### 2 BASIS OF PREPARATION

#### a) *Basis of preparation*

The interim condensed financial information of the 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 11 April 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 of investments at their fair value. The Company’s interim statement of financial position is presented in order of liquidity. Except for Furniture, fittings and office equipment, investments, statutory deposit, end-of-service indemnities, unearned contributions, outstanding claims and technical reserves for insurance operations, accrued income payable and surplus from insurance operations all other assets and liabilities are of short-term nature, unless, stated otherwise.

As required by the Saudi Arabian Insurance Regulations (the Implementation Regulations), the Company maintains separate books of accounts for “Insurance Operations” and “Shareholders’ Operations”. Accordingly, assets, liabilities, revenues and expenses clearly attributable to either operation, are recorded in the respective accounts. Similarly, in the past, the Company’s interim condensed and annual financial statements presented separately the statements of financial position, income, comprehensive income and cash flows for the insurance operations and shareholders operations.

During the current period, SAMA issued an illustrative financial statements for the insurance sector in the Kingdom of Saudi Arabia. Following the illustrative financial statements, this is the first period where the Company issued its interim condensed financial statements after combining shareholders and insurance operations to prepare the Company level interim condensed financial statements. In preparing the Company level financial statements in compliance with IFRS, the balances and transactions of the insurance operations are combined with those of the shareholders’ operations. Interoperation balances, transactions and unrealised gains or losses, if any, are eliminated in full. The accounting policies adopted for the insurance operations and shareholders operations are uniform for like transactions and events in similar circumstances.

In preparing these interim condensed financial statements, comparative amounts, which in the most recent annual financial statements were presented separately for shareholders and insurance operations, were also combined together to conform with the current period presentation and SAMA requirements.

ALAHLI TAKAFUL COMPANY – A SAUDI JOINT STOCK COMPANY  
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)  
As at 31 March 2018

**2 BASIS OF PREPARATION (continued)**

**a) Basis of preparation (continued)**

However, note 16 to these interim condensed financial statements provide statement of financial position, statements of income, comprehensive income and cash flows of the insurance operations and shareholders operations, separately.

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.

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

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

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

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

In preparing these interim condensed financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty including the risk management policies were the same as those that applied to the annual financial statements as at and for the year ended 31 December 2017.

**c) Seasonality of operations**

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

**3 SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies adopted by the Company for the preparation of these interim condensed financial statements are in accordance with International Financial Reporting Standards (IFRS) as endorsed in the Kingdom of Saudi Arabia and are consistent with those used for the preparation of the annual financial statements for the year ended 31 December 2017 and new amended IFRS and International Financial Reporting Interpretations Committee Interpretations (IFRIC) as mentioned in note 3(a) which had no impact on the financial position or financial performance of the Company. Certain comparative amounts have been reclassified / regrouped to conform with the current period's presentation.-This did not have any impact on interim statement of changes in shareholders' equity for the period.

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

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

<u>Standard/ Amendments</u>	<u>Description</u>
IFRS 2	Amendments to IFRS 2 Classification and Measurement of share-based Payment transactions.
IAS 40	Amendments to IAS 40 Transfers of investment property
IFRIC 22	Foreign Currency Transactions and Advance consideration
IFRS 15	Revenue from Contracts with Customers
IFRS 1 and IAS 28	Annual Improvements 2016 to IFRS 2014- 2016 cycle.

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

*IFRS 15 – Revenue from Contracts with Customers*

IFRS 15 outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue guidance, which is found currently across several Standards and Interpretations within IFRSs. However, IFRS 15 does not apply to "revenue from insurance contracts". However, entities will need to apply IFRS 15 to revenue from non-insurance contracts (or components of insurance contracts). Therefore, insurance entities will need to carefully evaluate the scope of this standard.

ALAHLI TAKAFUL COMPANY – A SAUDI JOINT STOCK COMPANY  
 NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)  
 As at 31 March 2018

**3 SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

*IFRS 15 – Revenue from Contracts with Customers (continued)*

IFRS 15 established a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring of goods or services to a customer.

Though there are changes in accounting policy, the management assessed and concluded that there is no material impact on the amounts reported at transition to IFRS 15 on 1 January 2018.

**b) Standards issued but not yet effective**

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

<u>Standard/ Interpretation</u>	<u>Description</u>	<u>Effective from periods beginning on or after the following date</u>
IFRS 9	Financial Instruments	See below
IFRS 16	Leases	1 January 2019
IFRIC 23	Uncertainty over Income Tax Treatments	1 January 2019
IFRS 17	Insurance Contracts (see below)	1 January 2021

*IFRS 9- Financial Instruments*

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

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

*IFRS 17- Insurance Contracts*

In September 2016, the IASB published amendments to IFRS 4 Insurance Contracts that address the accounting consequences of the application of IFRS 9 to insurers prior to the publication of the forthcoming accounting standard for insurance contracts. The amendments introduce two options for insurers: the deferral approach and the overlay approach. The deferral approach provides an entity, if eligible, with a temporary exemption from applying IFRS 9 until the earlier of the effective date of a new insurance contract standard or 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. Under the temporary exemption as introduced by amendments to IFRS 4, the reporting entities whose activities predominantly relate to “insurance” can defer the implementation of IFRS 9. The Company having assessed the implications and has concluded to defer the implementation of IFRS 9 until a later date which will not be later than 1 January 2021. The impact of the adoption of IFRS 9 on the Company’s interim condensed financial statements will, to a large extent, have to take into account the interaction with the forthcoming insurance contracts standard. As such, it is not possible to fully assess the effect of the adoption of IFRS 9.

ALAHLI TAKAFUL COMPANY – A SAUDI JOINT STOCK COMPANY  
 NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)  
 As at 31 March 2018

**4 CASH AND CASH EQUIVALENTS**

	<i>31 March 2018 (Unaudited) SR'000</i>	<i>31 December 2017 (Audited) SR'000</i>
<i>Insurance Operations</i>		
Cash in hand	9	9
Cash at bank (see note 4.1)	<u>20,652</u>	<u>26,305</u>
	<u>20,661</u>	<u>26,314</u>
<i>Shareholders' Operations</i>		
Cash at bank (see note 4.1)	<u>55</u>	<u>357</u>
<b>Total</b>	<u><u>20,716</u></u>	<u><u>26,671</u></u>

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

**5 CONTRIBUTION AND REINSURANCE RECEIVABLE – NET**

	<i>31 March 2018 (Unaudited) SR'000</i>	<i>31 December 2017 (Audited) SR'000</i>
Policyholders	1,533	5,142
Related parties (see note 10)	69,948	822
Receivable from reinsurers	-	7,313
	<u>71,481</u>	<u>13,277</u>

**6 UNEARNED CONTRIBUTION**

	<i>Three months ended 31 March 2018 (Unaudited)</i>		
	<i>Gross SR'000</i>	<i>Reinsurance SR'000</i>	<i>Net SR'000</i>
Balance at the beginning of the period	4,998	(3,312)	1,686
Contribution (written)/ceded during the period	(122,673)	48,061	(74,612)
Contribution earned during the period	<u>158,959</u>	<u>(71,940)</u>	<u>87,019</u>
Balance at the end of the period	<u><u>41,284</u></u>	<u><u>(27,191)</u></u>	<u><u>14,093</u></u>
	<i>Year ended 31 December 2017 (Audited)</i>		
	<i>Gross SR'000</i>	<i>Reinsurance SR'000</i>	<i>Net SR'000</i>
Balance at the beginning of the year	285	(158)	127
Contribution (written)/ceded during the year	(353,113)	91,277	(261,836)
Contribution earned during the period	<u>357,826</u>	<u>(94,431)</u>	<u>263,395</u>
Balance at the end of the period	<u><u>4,998</u></u>	<u><u>(3,312)</u></u>	<u><u>1,686</u></u>

ALAHLI TAKAFUL COMPANY – A SAUDI JOINT STOCK COMPANY  
 NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)  
 As at 31 March 2018

**7 UNIT-LINKED INVESTMENTS**

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

	<i>31 March</i> <u>2018</u> (Unaudited) SR'000	<i>31 December</i> <u>2017</u> (Audited) SR'000
<b><i>Investment held to cover unit-linked liabilities:</i></b>		
AlAhli Multi-Asset Conservation Fund	365,928	381,095
AlAhli Multi-Asset Moderate Fund	172,607	176,647
AlAhli Multi-Asset Growth Fund	134,147	136,667
	<u>672,682</u>	<u>694,409</u>

The movement in unit-linked investments during the three-month period ended 31 March 2018 and year ended 31 December 2017 is as follows:

	<i>31 March</i> <u>2018</u> (Unaudited) SR'000	<i>31 December</i> <u>2017</u> (Audited) SR'000
Balance at the beginning of the period/year	694,409	749,771
Redemption during the period/year	(25,000)	(116,057)
Unrealised gain during the period/year (note 9(b))	3,273	60,695
Balance at the end of the period/year	<u>672,682</u>	<u>694,409</u>

**8 INVESTMENTS**

	<i>31 March</i> <u>2018</u> (Unaudited) SR'000	<i>31 December</i> <u>2017</u> (Audited) SR'000
<b>FVIS Investments</b>		
Insurance operations (note 8.1)	54,202	76,942
Shareholders operations (note 8.2)	252,596	244,128
	<u>306,798</u>	<u>321,070</u>

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

**8.1 Insurance Operations – FVIS Investments**

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

	<i>31 March</i> <u>2018</u> (Unaudited) SR'000	<i>31 December</i> <u>2017</u> (Audited) SR'000
AlAhli Diversified Saudi Riyal Trade fund	<u>54,202</u>	<u>76,942</u>

ALAHLI TAKAFUL COMPANY – A SAUDI JOINT STOCK COMPANY  
 NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)  
 As at 31 March 2018

**8 INVESTMENTS (continued)**

**8.1 Insurance Operations – FVIS Investments (continued)**

The movement in the FVIS investments during the three-month period ended 31 March 2018 and year ended 31 December 2017 is as follows:

	<b>31 March 2018 (Unaudited) SR'000</b>	<b>31 December 2017 (Audited) SR'000</b>
<b>Insurance Operations</b>		
Balance at the beginning of the period/year	76,942	122,156
Purchases	-	65,000
Redemption	(15,000)	(49,000)
Transferred to FVIS Shareholders' Operations (see below)	(8,000)	(62,563)
Unrealised gain	260	1,349
<b>Balance at the end of the period/year</b>	<b>54,202</b>	<b>76,942</b>

**8.2 Shareholders' Operations – FVIS Investments**

	<b>31 March 2018 (Unaudited) SR'000</b>	<b>31 December 2017 (Audited) SR'000</b>
AlAhli Takaful discretionary portfolio	216,256	215,876
Investment in a real estate fund	6,997	6,997
AlAhli Diversified Saudi Riyal Trade Fund	29,343	21,255
	<b>252,596</b>	<b>244,128</b>

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

	<b>31 March 2018 (Unaudited) SR'000</b>	<b>31 December 2017 (Audited) SR'000</b>
<b>Shareholders' Operations</b>		
Balance at the beginning of the period/year	244,128	172,146
Purchases	-	49,721
Redemption	-	(46,000)
Transferred from FVIS Insurance Operations (see above)	8,000	62,563
Unrealised gain	468	5,698
<b>Balance at the end of the period/year</b>	<b>252,596</b>	<b>244,128</b>

ALAHLI TAKAFUL COMPANY – A SAUDI JOINT STOCK COMPANY

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

As at 31 March 2018

**9 TECHNICAL RESERVE FOR INSURANCE OPERATIONS**

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

	<i><b>31 March 2018 (Unaudited) SR'000</b></i>	<i><b>31 December 2017 (Audited) SR'000</b></i>
Technical reserve relating to the Participant Investment Strategies (unit liability)	<b>678,092</b>	703,336
Allowance for the retained risk	<b>8,253</b>	7,289
Incurred But Not Reported (IBNR) reserves	<b>6,048</b>	6,268
	<b>692,393</b>	716,893

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

	<i><b>31 March 2018 (Unaudited) SR'000</b></i>	<i><b>31 December 2017 (Audited) SR'000</b></i>
Balance as at the beginning of the period/year	<b>716,893</b>	767,611
Change in Incurred But Not Reported claims (IBNR) reserve	<b>(220)</b>	963
Change in allowance for the retained risk	<b>1,636</b>	(89)
Unrealised gain on unit-linked investments (note 7)	<b>3,273</b>	60,695
Investible contribution	<b>42,551</b>	184,902
Surrenders and maturities	<b>(71,068)</b>	(297,189)
Others	<b>(672)</b>	-
<b>Balance as at the end of the period/year</b>	<b>692,393</b>	716,893



**ALAHLI TAKAFUL COMPANY – A SAUDI JOINT STOCK COMPANY**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)**  
As at 31 March 2018

**10 RELATED PARTY TRANSACTIONS AND BALANCES**

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

***Insurance Operations***

a) In addition to the disclosure set out in note 15, following are the details of major related party transactions during the three-month period ended 31 March 2018 and 31 March 2017:

<u>Name</u>	<u>Relationship</u>	<u>Nature of transactions</u>	<u>Amount of transactions</u>	
			<u>31 March 2018</u> <i>(Unaudited)</i> SR'000	<u>31 March 2017</u> <i>(Unaudited)</i> SR'000
National Commercial Bank	Shareholder	Gross Group Insurance contribution	<b>70,037</b>	61,638
		Gross claim paid	<b>24,535</b>	15,756
AlAhli Insurance Marketing Services Company Limited	Subsidiary of a shareholder	Agency commission and others	-	906
FWU	Shareholder	Administration fee	<b>506</b>	649
NCB Capital	Subsidiary of a shareholder	Investment fund fee	<b>1,270</b>	1,423
Key management personnel		Short-term benefits	<b>906</b>	933
		End of service benefits	<b>36</b>	44

b) Receivable from/(payable to) related parties

	<u>31 March 2018</u> <i>(Unaudited)</i> SR'000	<u>31 December 2017</u> <i>(Audited)</i> SR'000
Receivable from National Commercial Bank - a shareholder (note 5)	<b>69,948</b>	822
Accrued investment fund fee receivable from subsidiary of a Shareholder	<b>464</b>	439
Receivable from NCB Capital – subsidiary of a shareholder	-	109
Payable to FWU – a shareholder	<b>(163)</b>	(173)
Payable to AlAhli Insurance Marketing Services Company Limited - subsidiary of a shareholder	<b>(1,775)</b>	(1,775)
	<b>(1,938)</b>	(1,948)
Outstanding claims payable to National Commercial Bank - a shareholder - gross	<b>(24,880)</b>	(18,244)

c) In addition to the disclosures set out in note 4,5,7 and 8 relating to related parties, amount due from and due to related parties are shown in the Interim Statement of Financial Position.

ALAHLI TAKAFUL COMPANY – A SAUDI JOINT STOCK COMPANY  
 NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)  
 As at 31 March 2018

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

*Shareholders' Operations*

a) Following are the details of Board of Directors' and members of other committees remuneration and related expenses during the three-month period ended 31 March 2018 and 2017:

	<u>Amount of transactions</u>	
	<u>2018</u> (Unaudited) SR'000	<u>2017</u> (Unaudited) SR'000
Board and other committees remuneration	614	604
Board and other committees attendance fees	151	69
Board accommodation and travel	17	129
b) Payable to related parties		
	<u>31 March</u> <u>2018</u> (Unaudited) SR'000	<u>31 December</u> <u>2017</u> (Audited) SR'000
Remuneration and other expenses payable to Board and other committees	<u>(1,635)</u>	<u>(3,153)</u>

**11 ZAKAT AND INCOME TAX**

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

The movement in Zakat and income tax payable for the three-month period ended 31 March 2018 and year ended 31 December 2017 is as follows:

	<u>31 March</u> <u>2018</u> (Unaudited) SR'000	<u>31 December</u> <u>2017</u> (Audited) SR'000
Balance at the beginning of the period/year	22,422	19,380
Zakat charge for the period/year	1,264	4,495
Tax charge for the period/year	147	653
Zakat and income tax paid	-	(2,106)
<b>Balance at the end of the period/year</b>	<u><b>23,833</b></u>	<u><b>22,422</b></u>

**Status of assessments**

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

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

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

The GAZT has not yet raised any assessment for 2015 and 2016.

As at 31 March 2018

## 12 OPERATING SEGMENT INFORMATION

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

Insurance – individual segment offers life insurance products on an individual basis including unit-linked investment oriented products.

Insurance – group life has segment offers life protection programmes to the members of organizations on a group basis, and credit protection benefits in respect of personal loan given by financing organization. This segment also includes protection benefits in respect of various credit facilities other than personal loans extended by the financing organizations to its customers.

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

ALAHLI TAKAFUL COMPANY – A SAUDI JOINT STOCK COMPANY  
 NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)  
 As at 31 March 2018

12 OPERATING SEGMENT INFORMATION (continued)

	<i>As at 31 March 2018 (unaudited)</i>				
	<i>Insurance - individual SR'000</i>	<i>Insurance- group SR'000</i>	<i>Total - Insurance operations SR'000</i>	<i>Shareholders' operations SR'000</i>	<i>Total SR'000</i>
<b>ASSETS</b>					
Cash and cash equivalents	16,435	4,226	20,661	55	20,716
Contribution and reinsurance receivable - net	-	71,481	71,481	-	71,481
Reinsurance share of unearned contribution	-	27,191	27,191	-	27,191
Reinsurance share of outstanding claims	1,888	24,294	26,182	-	26,182
Unit-linked investments	672,682	-	672,682	-	672,682
Investments	29,570	24,632	54,202	252,596	306,798
Prepayments and other assets	464	-	464	-	464
	<u>721,039</u>	<u>151,824</u>	<u>872,863</u>	<u>252,651</u>	<u>1,125,514</u>
Unallocated amounts:					
- Prepayments and other assets			2,930	4,279	7,209
- Furniture, fittings and office equipment			1,812	-	1,812
- Intangible assets			3,375	-	3,375
- Statutory deposit			-	16,667	16,667
- Accrued income on statutory deposit			-	1,163	1,163
<b>TOTAL ASSETS</b>			<u><u>880,980</u></u>	<u><u>274,760</u></u>	<u><u>1,155,740</u></u>
<b>LIABILITIES</b>					
Accrued and other liabilities	9,814	4,734	14,548	-	14,548
Reinsurance balances payable	5,158	65,804	70,962	-	70,962
Unearned contribution	-	41,284	41,284	-	41,284
Outstanding claims	2,448	28,177	30,625	-	30,625
Technical reserve for Insurance Operations	680,568	11,825	692,393	-	692,393
Due to related parties	1,938	-	1,938	-	1,938
	<u>699,926</u>	<u>151,824</u>	<u>851,750</u>	<u>-</u>	<u>851,750</u>
Unallocated amounts:					
- Accrued and other liabilities			8,547	3,135	11,682
- End-of-service indemnities			1,509	-	1,509
- Surplus from Insurance Operations			18,685	-	18,685
- Dividends payable			-	5	5
- Zakat and income tax			-	23,833	23,833
- Accrued income payable to SAMA			-	1,163	1,163
<b>TOTAL LIABILITIES</b>			<u><u>880,491</u></u>	<u><u>28,136</u></u>	<u><u>908,627</u></u>

ALAHLI TAKAFUL COMPANY – A SAUDI JOINT STOCK COMPANY  
 NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)  
 As at 31 March 2018

12 OPERATING SEGMENT INFORMATION (continued)

	<i>As at 31 December 2017 (audited)</i>				
	<i>Insurance – individual SR'000</i>	<i>Insurance- group SR'000</i>	<i>Total - Insurance operations SR'000</i>	<i>Shareholders' operations SR'000</i>	<i>Total SR'000</i>
<b>ASSETS</b>					
Cash and cash equivalents	23,943	2,371	26,314	357	26,671
Contribution and reinsurance receivable					
- net	-	13,277	13,277	-	13,277
Reinsurance share of unearned contributions	-	3,312	3,312	-	3,312
Reinsurance share of outstanding claims	1,433	19,661	21,094	-	21,094
Unit-linked investments	694,409	-	694,409	-	694,409
Investments	31,356	45,586	76,942	244,128	321,070
Prepayments and other assets	439	-	439	-	439
	<u>751,580</u>	<u>84,207</u>	<u>835,787</u>	<u>244,485</u>	<u>1,080,272</u>
Unallocated amounts:					
- Prepayments and other assets			1,409	4,150	5,559
- Furniture, fittings and office equipment			2,000	-	2,000
- Intangible assets			3,809	-	3,809
- Due from a related party			-	109	109
- Statutory deposit			-	16,667	16,667
- Accrued income on statutory deposit			-	1,093	1,093
<b>TOTAL ASSETS</b>			<u><u>843,005</u></u>	<u><u>266,504</u></u>	<u><u>1,109,509</u></u>
<b>LIABILITIES</b>					
Accrued and other liabilities	11,757	3,298	15,055	-	15,055
Reinsurance balances payable	10,485	40,588	51,073	-	51,073
Unearned contributions	-	4,998	4,998	-	4,998
Outstanding claims	1,727	21,973	23,700	-	23,700
Technical reserve for Insurance Operations	706,512	10,381	716,893	-	716,893
Due to related parties	1,948	-	1,948	-	1,948
	<u>732,429</u>	<u>81,238</u>	<u>813,667</u>	<u>-</u>	<u>813,667</u>
Unallocated amounts:					
- Accrued and other liabilities			6,904	4,868	11,772
- End-of-service indemnities			1,758	-	1,758
- Surplus from Insurance Operations			17,698	-	17,698
- Dividends payable			-	7	7
- Zakat and income tax			-	22,422	22,422
- Accrued income payable to SAMA			-	1,093	1,093
<b>TOTAL LIABILITIES</b>			<u><u>840,027</u></u>	<u><u>28,390</u></u>	<u><u>868,417</u></u>

ALAHLI TAKAFUL COMPANY – A SAUDI JOINT STOCK COMPANY  
 NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)  
 As at 31 March 2018

12 OPERATING SEGMENT INFORMATION (continued)

	<i>Three-month period ended 31 March 2018</i> <i>(unaudited)</i>		
	<i>Insurance - individual SR'000</i>	<i>Insurance- group SR'000</i>	<i>Total SR'000</i>
<b>INSURANCE REVENUE</b>			
Gross contributions written	51,093	71,580	122,673
Reinsurance contribution ceded:			
- Local	-	-	-
- Foreign	(845)	(47,216)	(48,061)
<b>Net premiums written</b>	<b>50,248</b>	<b>24,364</b>	<b>74,612</b>
Change in unearned contributions - net	-	(12,407)	(12,407)
<b>Net premiums earned</b>	<b>50,248</b>	<b>11,957</b>	<b>62,205</b>
Investment fund fee	1,270	-	1,270
<b>TOTAL REVENUE</b>	<b>51,518</b>	<b>11,957</b>	<b>63,475</b>
<b>UNDERWRITING COSTS AND EXPENSES</b>			
Gross claims paid	(158)	(25,779)	(25,937)
Surrenders and maturities	(71,068)	-	(71,068)
Reinsurer's share of claims paid	122	23,278	23,400
<b>Net claims and other benefits paid</b>	<b>(71,104)</b>	<b>(2,501)</b>	<b>(73,605)</b>
Changes in outstanding claims - net	(266)	(1,571)	(1,837)
<b>Net claims and other benefits incurred</b>	<b>(71,370)</b>	<b>(4,072)</b>	<b>(75,442)</b>
Other technical reserves	29,215	(1,443)	27,772
Policy acquisition costs	(567)	(1,171)	(1,738)
Other underwriting expenses	(255)	(358)	(613)
<b>TOTAL UNDERWRITING COSTS AND EXPENSES</b>	<b>(42,977)</b>	<b>(7,044)</b>	<b>(50,021)</b>
<b>NET UNDERWRITING INCOME</b>	<b>8,541</b>	<b>4,913</b>	<b>13,454</b>
<b>OTHER OPERATING (EXPENSES)/ INCOME</b>			
Unallocated amounts:			
- Reversal of doubtful debts			830
- General and administration expenses			(6,292)
- Unrealised gain on investments			728
- Realised gain on investments			124
<b>Net income for the period</b>			<b>8,844</b>
Net income attributed to the insurance operations			(987)
<b>Net income for the period attributable to the shareholders</b>			<b>7,857</b>

ALAHLI TAKAFUL COMPANY – A SAUDI JOINT STOCK COMPANY  
 NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)  
 As at 31 March 2018

12 OPERATING SEGMENT INFORMATION (continued)

	<i>Three-month period ended 31 March 2017 (unaudited)</i>		
	<i>Insurance - individual SR '000</i>	<i>Insurance- group SR '000</i>	<i>Total SR '000</i>
<b>INSURANCE REVENUE</b>			
Gross contributions written	56,199	61,888	118,087
Reinsurance contribution ceded:			
- Local	-	-	-
- Foreign	(1,005)	(39,559)	(40,564)
<b>Net premiums written</b>	55,194	22,329	77,523
Change in unearned contributions - net	-	(11,970)	(11,970)
<b>Net premiums earned</b>	55,194	10,359	65,553
Investment fund fee	1,423	-	1,423
<b>TOTAL REVENUE</b>	56,617	10,359	66,976
<b>UNDERWRITING COSTS AND EXPENSES</b>			
Gross claims paid	(204)	(16,021)	(16,225)
Surrenders and maturities	(65,547)	-	(65,547)
Reinsurer's share of claims paid	172	14,098	14,270
<b>Net claims and other benefits paid</b>	(65,579)	(1,923)	(67,502)
Changes in outstanding claims - net	1	869	870
<b>Net claims and other benefits incurred</b>	(65,578)	(1,054)	(66,632)
Other technical reserves	19,743	(3,536)	16,207
Policy acquisition costs	(1,733)	-	(1,733)
Other underwriting expenses	(283)	(309)	(592)
<b>TOTAL UNDERWRITING COSTS AND EXPENSES</b>	(47,851)	(4,899)	(52,750)
<b>NET UNDERWRITING INCOME</b>	8,766	5,460	14,226
<b>OTHER OPERATING (EXPENSES)/ INCOME</b>			
Unallocated amounts:			
- Reversal of doubtful debts			397
- General and administration expenses			(6,397)
- Unrealised gain on investments			2,002
- Realised gain on investments			146
<b>Net income for the period</b>			10,374
Net income attributed to the insurance operations			(1,017)
<b>Net income for the period attributable to the shareholders</b>			9,357

**ALAHLI TAKAFUL COMPANY – A SAUDI JOINT STOCK COMPANY**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)**  
As at 31 March 2018

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**13 FAIR VALUES OF FINANCIAL INSTRUMENTS**

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

The Company's financial assets consist of cash in hand and at banks, unit-linked investments, Fair Value through Income Statement investments (FVIS), contribution and reinsurance receivable, other receivables and its financial liabilities consist of outstanding claims, reinsurance balances payable, amount due to related parties, and other payables. The fair values of financial instruments are not materially different from their carrying values. As at 31 March 2018, apart from the investments which are carried at fair value (note 7 and 8), there were no other financial instruments held by the Company that were measured at fair value.

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

Level 1: quoted prices in active markets for the same instrument (i.e. without modification or repackaging);  
Level 2: quoted prices in active markets for similar assets and liabilities or other valuation techniques for which all significant inputs are based on observable market data; and  
Level 3: valuation techniques for which any significant input is not based on observable market data.

As at 31 March 2018 and 31 December 2017, all financial instruments which are fair valued are Level 2 instruments. The Company determines Level 2 fair values for unit-linked and FVIS investments based on the net assets value of the respective funds as at the end of the reporting period. There are no transfers between Level 1, Level 2 and Level 3 during the period.

**14 EARNINGS PER SHARE**

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

**15 DIVIDEND**

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



ALAHLI TAKAFUL COMPANY – A SAUDI JOINT STOCK COMPANY

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

As at 31 March 2018

16 SUPPLEMENTARY INFORMATION

a) STATEMENT OF FINANCIAL POSITION

	<i>Insurance operations</i>	<i>Shareholders' operations</i>	<i>31 March 2018 (Unaudited)</i>	<i>Insurance operations</i>	<i>Shareholders' operations</i>	<i>31 December 2017 (Audited)</i>
	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>
<b>ASSETS</b>						
Cash and cash equivalents	20,661	55	20,716	26,314	357	26,671
Contribution and reinsurance receivable, net	71,481	-	71,481	13,277	-	13,277
Reinsurance share of unearned contribution	27,191	-	27,191	3,312	-	3,312
Reinsurance share of outstanding claims	26,182	-	26,182	21,094	-	21,094
Unit-linked investments	672,682	-	672,682	694,409	-	694,409
Investments	54,202	252,596	306,798	76,942	244,128	321,070
Due from Insurance Operations	-	489	489	-	2,978	2,978
Due from a related party	-	-	-	-	109	109
Prepayments and other assets	3,394	4,279	7,673	1,848	4,150	5,998
Furniture, fittings and office equipment	1,812	-	1,812	2,000	-	2,000
Intangible assets	3,375	-	3,375	3,809	-	3,809
Statutory deposit	-	16,667	16,667	-	16,667	16,667
Accrued income on statutory deposit	-	1,163	1,163	-	1,093	1,093
	<b>880,980</b>	<b>275,249</b>	<b>1,156,229</b>	843,005	269,482	1,112,487
Less: Inter-operations eliminations	-	(489)	(489)	-	(2,978)	(2,978)
<b>TOTAL ASSETS</b>	<b>880,980</b>	<b>274,760</b>	<b>1,155,740</b>	843,005	266,504	1,109,509

ALAHLI TAKAFUL COMPANY – A SAUDI JOINT STOCK COMPANY  
 NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)  
 As at 31 March 2018

16. SUPPLEMENTARY INFORMATION (continued)

a) STATEMENT OF FINANCIAL POSITION (continued)

	<i>Insurance operations</i>	<i>Shareholders' operations</i>	<i>31 March 2018 (Unaudited)</i>	<i>Insurance operations</i>	<i>Shareholders' operations</i>	<i>31 December 2017 (Audited)</i>
	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>
<b>LIABILITIES</b>						
Accrued and other liabilities	23,095	3,135	26,230	21,959	4,868	26,827
Reinsurance balances payable	70,962	-	70,962	51,073	-	51,073
Unearned contribution	41,284	-	41,284	4,998	-	4,998
Outstanding claims	30,625	-	30,625	23,700	-	23,700
Technical Reserve for Insurance Operations	692,393	-	692,393	716,893	-	716,893
Due to related parties	1,938	-	1,938	1,948	-	1,948
Due to Shareholders' Operations	489	-	489	2,978	-	2,978
End-of-service indemnities	1,509	-	1,509	1,758	-	1,758
Surplus from Insurance Operations	18,685	-	18,685	17,698	-	17,698
Zakat and income tax	-	23,833	23,833	-	22,422	22,422
Dividends payable	-	5	5	-	7	7
Accrued income payable to SAMA	-	1,163	1,163	-	1,093	1,093
	<b>880,980</b>	<b>28,136</b>	<b>909,116</b>	<b>843,005</b>	<b>28,390</b>	<b>871,395</b>
Less: Inter-operations eliminations	(489)	-	(489)	(2,978)	-	(2,978)
<b>TOTAL LIABILITIES</b>	<b>880,491</b>	<b>28,136</b>	<b>908,627</b>	<b>840,027</b>	<b>28,390</b>	<b>868,417</b>
<b>SHAREHOLDERS' EQUITY</b>						
Share capital	-	166,667	166,667	-	166,667	166,667
Statutory reserve	-	27,914	27,914	-	26,343	26,343
Retained earnings	-	52,532	52,532	-	48,082	48,082
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>-</b>	<b>247,113</b>	<b>247,113</b>	<b>-</b>	<b>241,092</b>	<b>241,092</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>880,491</b>	<b>275,249</b>	<b>1,155,740</b>	<b>840,027</b>	<b>269,482</b>	<b>1,109,509</b>

ALAHLI TAKAFUL COMPANY – A SAUDI JOINT STOCK COMPANY  
 NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)  
 As at 31 March 2018

16 SUPPLEMENTARY INFORMATION (continued)

b) STATEMENT OF INCOME

	<i>Three-month period ended 31 March (Unaudited)</i>					
	<i>Insurance operations</i>	<i>Shareholders' operations</i>	<i>2018</i>	<i>Insurance operations</i>	<i>Shareholders' operations</i>	<i>2017</i>
	<u><i>SR'000</i></u>	<u><i>SR'000</i></u>	<u><i>SR'000</i></u>	<u><i>SR'000</i></u>	<u><i>SR'000</i></u>	<u><i>SR'000</i></u>
<b><u>REVENUES</u></b>						
Gross contributions written	122,673	-	122,673	118,087	-	118,087
Reinsurance contribution ceded:						
- Local	-	-	-	-	-	-
- Foreign	(48,061)	-	(48,061)	(40,564)	-	(40,564)
<b>Net premiums written</b>	<b>74,612</b>	<b>-</b>	<b>74,612</b>	<b>77,523</b>	<b>-</b>	<b>77,523</b>
Change in unearned contributions - net	(12,407)	-	(12,407)	(11,970)	-	(11,970)
<b>Net premiums earned</b>	<b>62,205</b>	<b>-</b>	<b>62,205</b>	<b>65,553</b>	<b>-</b>	<b>65,553</b>
Investment fund fee	1,270	-	1,270	1,423	-	1,423
<b>TOTAL REVENUES</b>	<b>63,475</b>	<b>-</b>	<b>63,475</b>	<b>66,976</b>	<b>-</b>	<b>66,976</b>
<b><u>UNDERWRITING COSTS AND EXPENSES</u></b>						
Gross claims paid	(25,937)	-	(25,937)	(16,225)	-	(16,225)
Surrenders and maturities	(71,068)	-	(71,068)	(65,547)	-	(65,547)
Reinsurers' share of claims paid	23,400	-	23,400	14,270	-	14,270
<b>Net claims and other benefits paid</b>	<b>(73,605)</b>	<b>-</b>	<b>(73,605)</b>	<b>(67,502)</b>	<b>-</b>	<b>(67,502)</b>
Changes in outstanding claims – net	(1,837)	-	(1,837)	870	-	870
<b>Net claims and other benefits incurred</b>	<b>(75,442)</b>	<b>-</b>	<b>(75,442)</b>	<b>(66,632)</b>	<b>-</b>	<b>(66,632)</b>
Other technical reserves	27,772	-	27,772	16,207	-	16,207
Policy acquisition costs	(1,738)	-	(1,738)	(1,733)	-	(1,733)
Other underwriting expenses	(613)	-	(613)	(592)	-	(592)
<b>TOTAL UNDERWRITING COSTS AND EXPENSES</b>	<b>(50,021)</b>	<b>-</b>	<b>(50,021)</b>	<b>(52,750)</b>	<b>-</b>	<b>(52,750)</b>
<b>NET UNDERWRITING INCOME</b>	<b>13,454</b>	<b>-</b>	<b>13,454</b>	<b>14,226</b>	<b>-</b>	<b>14,226</b>

ALAHLI TAKAFUL COMPANY – A SAUDI JOINT STOCK COMPANY  
 NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)  
 As at 31 March 2018

16. SUPPLEMENTARY INFORMATION (continued)

b) STATEMENT OF INCOME (continued)

	<i>Three-month period ended 31 March (Unaudited)</i>					
	<i>Insurance operations</i>	<i>Shareholders' operations</i>	<i>2018</i>	<i>Insurance operations</i>	<i>Shareholders' operations</i>	<i>2017</i>
	<u>SR'000</u>	<u>SR'000</u>	<u>SR'000</u>	<u>SR'000</u>	<u>SR'000</u>	<u>SR'000</u>
<b><u>OTHER OPERATING (EXPENSES)/ INCOME</u></b>						
Reversal of doubtful debts	830	-	830	397	-	397
General and administration expenses	(4,772)	(1,520)	(6,292)	(4,972)	(1,425)	(6,397)
Unrealised gain on investments	260	468	728	401	1,601	2,002
Realised gain on investments	96	28	124	111	35	146
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b><u>TOTAL OTHER OPERATING (EXPENSES)/ INCOME</u></b>	<b>(3,586)</b>	<b>(1,024)</b>	<b>(4,610)</b>	<b>(4,063)</b>	<b>211</b>	<b>(3,852)</b>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b><u>NET SURPLUS/(DEFICIT) FROM OPERATIONS</u></b>	<b>9,868</b>	<b>(1,024)</b>	<b>8,844</b>	<b>10,163</b>	<b>211</b>	<b>10,374</b>
Surplus transferred to Shareholders	(8,881)	8,881	-	(9,146)	9,146	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b><u>NET INCOME FOR THE PERIOD</u></b>	<b>987</b>	<b>7,857</b>	<b>8,844</b>	<b>1,017</b>	<b>9,357</b>	<b>10,374</b>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Weighted averages number of ordinary shares outstanding (in thousands)	-	16,667	-	-	16,667	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Earnings per share for the period (SR)	-	0.47	-	-	0.56	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

c) STATEMENT OF COMPREHENSIVE INCOME

	<i>Three-month period ended 31 March (Unaudited)</i>					
	<i>Insurance operations</i>	<i>Shareholders' operations</i>	<i>2018</i>	<i>Insurance operations</i>	<i>Shareholders' operations</i>	<i>2017</i>
	<u>SR'000</u>	<u>SR'000</u>	<u>SR'000</u>	<u>SR'000</u>	<u>SR'000</u>	<u>SR'000</u>
<b><u>NET INCOME FOR THE PERIOD ATTRIBUTABLE TO SHAREHOLDERS</u></b>	-	7,857	7,857	-	9,357	9,357
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Other comprehensive income:</b> <i>Items that may be reclassified to interim statement of income</i>						
Net change in fair value of available-for-sale investments	-	-	-	-	(509)	(509)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>-</b>	<b>7,857</b>	<b>7,857</b>	<b>-</b>	<b>8,848</b>	<b>8,848</b>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

ALAHLI TAKAFUL COMPANY – A SAUDI JOINT STOCK COMPANY  
 NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)  
 As at 31 March 2018

16. SUPPLEMENTARY INFORMATION (continued)

d) STATEMENT OF CASH FLOWS

	<i>Three-month period ended 31 March (Unaudited)</i>					
	<i>Insurance operations</i>	<i>Shareholders' operations</i>	<i>2018</i>	<i>Insurance operations</i>	<i>Shareholders' operations</i>	<i>2017</i>
	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>
<b>OPERATING ACTIVITIES</b>						
Income for the period	987	7,857	8,844	1,017	9,357	10,374
Adjustment for the period:						
Depreciation	205	-	205	165	-	165
Amortization of intangible assets	434	-	434	402	-	402
End-of-service indemnities, net	(249)	-	(249)	186	-	186
Reinsurance share of unearned contribution	(23,879)	-	(23,879)	(21,143)	-	(21,143)
Unearned contribution	36,286	-	36,286	33,113	-	33,113
Reversal of doubtful receivables	(830)	-	(830)	(397)	-	(397)
Unrealised gain on re-measurement of FVIS investments	(260)	(468)	(728)	(401)	(1,601)	(2,002)
	<b>12,694</b>	<b>7,389</b>	<b>20,083</b>	12,942	7,756	20,698
Changes in operating assets and liabilities:						
Unit-linked investments	21,727	-	21,727	8,391	-	8,391
Contribution and reinsurance receivable – net	(57,374)	-	(57,374)	(57,305)	-	(57,305)
Due from a related party	-	109	109	-	-	-
Prepayments and other receivables	(1,546)	(129)	(1,675)	(1,757)	(259)	(2,016)
Reinsurance share of outstanding claims	(5,088)	-	(5,088)	16,022	-	16,022
Technical reserve for Insurance Operations	(24,500)	-	(24,500)	2,464	-	2,464
Outstanding claims	6,925	-	6,925	(16,892)	-	(16,892)
Reinsurance balances payable	19,889	-	19,889	22,979	-	22,979
Due to Shareholders' Operations	5,511	-	5,511	(28,540)	-	(28,540)
Surplus paid to policy holders	-	(5,511)	(5,511)	-	28,540	28,540
Due to related parties	(10)	-	(10)	862	-	862
Accruals and other liabilities	1,136	(1,733)	(597)	3,038	796	3,834
Accrued income on statutory deposit	-	(70)	(70)	-	(92)	(92)
Accrued income payable to SAMA deposit	-	70	70	-	92	92
Net cash (used in)/from operating activities	<b>(20,636)</b>	<b>125</b>	<b>(20,511)</b>	(37,796)	36,833	(963)

ALAHLI TAKAFUL COMPANY – A SAUDI JOINT STOCK COMPANY  
 NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)  
 As at 31 March 2018

16. SUPPLEMENTARY INFORMATION (continued)

d) STATEMENT OF CASH FLOWS (continued)

	<i>Three-month period ended 31 March (Unaudited)</i>					
	<i>Insurance operations SR'000</i>	<i>Shareholders' operations SR'000</i>	<i>2018 SR'000</i>	<i>Insurance operations SR'000</i>	<i>Shareholders' operations SR'000</i>	<i>2017 SR'000</i>
<b>INVESTING ACTIVITIES</b>						
Purchase of furniture, fittings and office equipment	(17)	-	(17)	(12)	-	(12)
Redemption of FVIS investments	15,000	-	15,000	46,928	-	46,928
Purchase of FVIS investments	-	-	-	-	(36,928)	(36,928)
Net cash from/(used in) investing activities	<u>14,983</u>	<u>-</u>	<u>14,983</u>	<u>46,916</u>	<u>(36,928)</u>	<u>9,988</u>
<b>FINANCING ACTIVITIES</b>						
Payment for previously recovered amount to a non-Saudi shareholder exempted from tax	-	(425)	(425)	-	-	-
Dividend paid	-	(2)	(2)	-	-	-
Net cash used in financing activities	<u>-</u>	<u>(427)</u>	<u>(427)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net (decrease)/increase in cash and cash equivalents	<u>(5,653)</u>	<u>(302)</u>	<u>(5,955)</u>	<u>9,120</u>	<u>(95)</u>	<u>9,025</u>
<b>Cash and cash equivalents at the beginning of the period</b>	<u>26,314</u>	<u>357</u>	<u>26,671</u>	<u>18,907</u>	<u>126</u>	<u>19,033</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<u><u>20,661</u></u>	<u><u>55</u></u>	<u><u>20,716</u></u>	<u><u>28,027</u></u>	<u><u>31</u></u>	<u><u>28,058</u></u>

17. COMPARATIVE FIGURES

Certain of the comparative figures have been reclassified and regrouped to conform to the in the current period presentation. These changes as summarised below, were mainly to conform with the SAMA requirements:

- As discussed in note 2 to these interim condensed financial statements, previously interim statement of financial position, statement of income, and cash flows were presented separately for insurance operations and shareholders operations which are combined together to present one Company level interim statement of financial position, statement of income and statement of cash flows.
- The amounts “due to/from” shareholders and insurance operations which previously reported separately in the respective statement of financial position, are now eliminated. (refer note 16 (a)).
- Share of insurance operations surplus split in the ratio of 90/10 between shareholders and insurance operations and presented separately is now presented as an expense in statement of income (refer note 16 (b)).

18. APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

These interim condensed financial statements have been approved by the Board of Directors on 10 May 2018, corresponding to 24 Sha’ban 1439H.