
SABB TAKAFUL COMPANY
(A SAUDI JOINT STOCK COMPANY)

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

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

INTRODUCTION

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

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

Mufaddal Ali
Certified Public Accountant
License No. 447

AlAzem & AlSudairy
Certified Public Accountants
P. O. Box 10504
Riyadh 11443
Kingdom of Saudi Arabia

Abdullah M. AlAzem
Certified Public Accountant
License No. 335



Dhu Al-Hijjah 5, 1440H
August 6, 2019



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

	Notes	30 June 2019 (Unaudited) SAR'000	31 December 2018 (Audited) SAR'000
ASSETS			
Cash and cash equivalents	5	282,898	244,019
Contributions and retakaful receivables, net	4	4,070	12,650
Retakaful share of unearned contributions	7(b)	7,648	6,969
Retakaful share of outstanding claims	6	51,518	57,730
Deferred policy acquisition costs		644	1,019
Investments			
Available-for-sale financial assets	3	374,647	352,115
Held-to-maturity financial assets	3	91,223	120,899
Prepaid expenses and other assets		3,021	1,232
Fixed assets		111	146
Intangible assets		2,522	1,859
Statutory deposit		34,000	34,000
Accrued income on statutory deposit		3,971	3,509
TOTAL ASSETS		856,273	836,147

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

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

	Notes	30 June 2019 (Unaudited) SAR'000	31 December 2018 (Audited) SAR'000
<u>LIABILITIES</u>			
Accrued and other liabilities		29,201	19,378
Provision for zakat and income tax	11	2,950	6,034
Retakaful balances payable		7,590	5,880
Unearned contributions	7(b)	9,466	9,565
Unearned retakaful commission		1,814	2,290
Gross outstanding claims	6	66,811	71,186
Unexpired risk reserve	7(d)	2,483	2,991
Non-unit reserve	7(c)	5,573	5,579
Provision for employees' end-of-service benefits		6,162	4,916
Surplus distribution payable		6,593	6,593
Reserve for takaful activities	7(a),3(c)	374,647	352,115
Accrued income on statutory deposit		3,971	3,509
TOTAL LIABILITIES		517,261	490,036
<u>SHAREHOLDERS' EQUITY</u>			
Share capital	12	340,000	340,000
Statutory reserve		14,788	14,788
Remeasurements of retirement benefit obligations		(494)	(213)
Accumulated losses		(15,282)	(8,464)
TOTAL EQUITY		339,012	346,111
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		856,273	836,147

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

SABB Takaful Company (A Saudi Joint Stock Company)

INTERIM STATEMENT OF INCOME (UNAUDITED)

For the three month and six month periods ended 30 June 2019

Note	<i>Three months ended 30 June 2019 SAR'000</i>	<i>Three months ended 30 June 2018 SAR'000 (Restated)</i>	<i>Six months ended 30 June 2019 SAR'000</i>	<i>Six months ended 30 June 2018 SAR'000 (Restated)</i>
REVENUES				
Gross contributions written				
- Family Takaful	30,272	28,841	58,724	57,952
- General Takaful	3,641	4,035	14,500	9,401
Gross contributions written				
Retakaful contribution ceded	33,913	32,876	73,224	67,353
- Local retakaful contribution ceded	(1,923)	(2,067)	(3,617)	(4,112)
- Foreign retakaful contribution ceded	(7,850)	(7,172)	(22,977)	(16,261)
Planholder charges	4,059	3,611	7,809	7,795
Net contributions written				
Changes in gross unearned contributions	28,199	27,248	54,439	54,775
Changes in retakaful share of unearned contributions	3,414	2,400	99	5,030
	(3,356)	(2,158)	679	(3,094)
Net contributions earned				
Fees and commission income	28,257	27,490	55,217	56,711
	1,806	2,298	2,919	3,621
Total revenue	30,063	29,788	58,136	60,332
UNDERWRITING COSTS AND EXPENSES				
Gross claims paid	(14,862)	(15,998)	(20,202)	(21,805)
Retakaful share of claims paid	12,795	12,894	17,109	17,094
Surrenders and maturities	(19,989)	(27,548)	(38,592)	(52,908)
Net claims and other benefits paid				
Changes in outstanding claims, net	(22,056)	(30,652)	(41,685)	(57,619)
Changes in IBNR, net	(1,501)	409	(283)	300
	(901)	1,158	(1,554)	1,562
Net claims and other benefits incurred				
Changes in reserve for takaful activities	(24,458)	(29,085)	(43,522)	(55,757)
Changes in non-unit reserve	(268)	8,510	(105)	14,644
Changes in unexpired risk reserve	(446)	(23)	6	(168)
Policy acquisition costs	(482)	89	508	1,258
	(1,076)	(820)	(2,136)	(1,835)
Total underwriting costs and expenses	(26,730)	(21,329)	(45,249)	(41,858)
Net underwriting income	3,333	8,459	12,887	18,474
OTHER OPERATING (EXPENSES)/ INCOME				
General and administrative expenses	(11,725)	(10,614)	(22,912)	(22,584)
Rebate income	330	330	660	782
Income from deposits	1,572	1,164	3,296	2,238
Income from sukuk	1,024	1,049	2,125	2,078
TOTAL OTHER OPERATING EXPENSES, NET	(8,799)	(8,071)	(16,831)	(17,486)
Net (loss)/ income	(5,466)	388	(3,944)	988
Net (loss)/ income attributed to the takaful operations	-	-	-	-
Net (loss)/ income attributable to the shareholders before zakat and tax	(5,466)	388	(3,944)	988
Zakat and tax for the period	(1,323)	(1,520)	(2,874)	(3,058)
Net loss attributable to the shareholders after zakat and tax	(6,789)	(1,132)	(6,818)	(2,070)
Loss per share (SAR per share) (Basic and diluted)	(0.20)	(0.03)	(0.20)	(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 STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the three month and six month periods ended 30 June 2019

	Notes	Three months ended 30 June 2019 SAR'000	Three months ended 30 June 2018 SAR'000 (Restated)	Six months ended 30 June 2019 SAR'000	Six months ended 30 June 2018 SAR'000 (Restated)
Net loss attributable to the shareholders after zakat and tax		(6,789)	(1,132)	(6,818)	(2,070)
Other comprehensive income/ (loss)					
<i>Items that will be reclassified to interim condensed statement of income in subsequent periods</i>					
- Fair value change in available for sale investments – unrealized	3(c)	2,656	6,948	30,236	16,535
- Fair value change in reserve for takaful activities – unrealized	7(a)	(2,656)	(6,948)	(30,236)	(16,535)
<i>Items that will not be reclassified to interim condensed statement of income in subsequent periods</i>					
- Remeasurements of retirement benefit obligations		(191)	72	(281)	61
Total comprehensive loss		(6,980)	(1,060)	(7,099)	(2,009)

SABB Takaful Company (A Saudi Joint Stock Company)

INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(UNAUDITED)

For the six month period ended 30 June 2019

	<i>Share Capital</i>	<i>Statutory Reserve</i>	<i>Remeasurements of retirement benefit obligations</i>	<i>Accumulated losses</i>	<i>Total</i>
	SAR'000	SAR'000	SAR'000	SAR'000	SAR'000
Balance as at 1 January 2019	340,000	14,788	(213)	(8,464)	346,111
Total comprehensive loss after zakat and tax	-	-	-	(6,818)	(6,818)
Remeasurements of retirement benefit obligations	-	-	(281)	-	(281)
Balance as at 30 June 2019	<u>340,000</u>	<u>14,788</u>	<u>(494)</u>	<u>(15,282)</u>	<u>339,012</u>

	<i>Share Capital</i>	<i>Statutory Reserve</i>	<i>Remeasurements of retirement benefit obligations</i>	<i>Accumulated losses</i>	<i>Total</i>
	SAR'000	SAR'000	SAR'000	SAR'000	SAR'000
Balance as at 1 January 2018	340,000	14,577	(175)	(3,275)	351,127
Total comprehensive loss after zakat and tax - restated	-	-	-	(2,070)	(2,070)
Remeasurements of retirement benefit obligations	-	-	61	-	61
Balance as at 30 June 2018	<u>340,000</u>	<u>14,577</u>	<u>(114)</u>	<u>(5,345)</u>	<u>349,118</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 STATEMENT OF CASH FLOWS (UNAUDITED)
For the six month period ended 30 June 2019

Notes	<i>Six months ended 30 June 2019 SAR'000</i>	<i>Six months ended 30 June 2018 SAR'000</i>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss)/ profit before zakat and income tax	(3,944)	988
Adjustment for non-cash items:		
Amortisation	414	287
Depreciation	35	44
Income from sukuk	(2,125)	(2,078)
Provision of impairment on contribution and retakaful receivables	277	476
Provision for employees' end-of-service benefits	1,028	542
Amortization of premium on sukuk	14	-
	(4,301)	259
Changes in operating assets and liabilities:		
Contributions and retakaful receivables, net	8,303	2,008
Retakaful share of unearned contributions	(679)	3,094
Retakaful share of outstanding claims	6,212	(5,168)
Deferred policy acquisition costs	375	(39)
Available-for-sale financial assets	(22,532)	5,904
Prepaid expenses and other assets	(1,789)	(166)
Accrued and other liabilities	9,823	8,637
Retakaful balances payable	1,710	(4,859)
Unearned contributions	(99)	(5,030)
Unearned retakaful commission	(476)	(623)
Gross outstanding claims	(4,375)	3,306
Unexpired risk reserve	(508)	(1,258)
Non-unit reserve	(6)	168
Reserve for takaful activities	22,532	(5,904)
	14,190	329
Employees' end-of-service benefits paid	(63)	(670)
Zakat and tax paid	(5,958)	(4,452)
Net cash from/ (used in) operating activities	8,169	(4,793)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of held-to-maturity financial assets	(20,370)	-
Maturity of held-to-maturity investments	50,000	12,000
Income received from sukuk	2,157	2,078
Purchase of intangible assets	(1,077)	(401)
Net cash generated from investing activities	30,710	13,677
Net change in cash and cash equivalents	38,879	8,884
Cash and cash equivalents, at the beginning of the period	244,019	239,099
Cash and cash equivalents, at the end of the period	282,898	247,983
Non-cash supplemental information:		
Net change in fair value of available-for-sale investments	30,236	16,535

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 (UNAUDITED)

30 June 2019

1. ORGANISATION AND PRINCIPAL ACTIVITIES

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

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

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

a) Basis of presentation and measurement

The interim condensed consolidated financial information of the Company as at and for the period ended 30 June 2019 have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting (“IAS 34”) as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organisation for Certified Public Accountants (“SOCPA”).

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

On 18 July 2019, SAMA instructed the insurance companies in the Kingdom of Saudi Arabia to account for the zakat and income taxes in the statement of income. This aligns with the IFRS and its interpretations as issued by the International Accounting Standards Board (“IASB”) and as endorsed in the Kingdom of Saudi Arabia and with the other standards and pronouncements that are issued by the Saudi Organisation for Certified Public Accountants (“SOCPA”) (collectively referred to as “IFRS as endorsed in KSA”).

Accordingly, the Company changed its accounting treatment for zakat and income tax by retrospectively adjusting the impact in line with International Accounting Standard 8, Accounting Policies, Changes in Accounting Estimates and Errors (as disclosed in note 2(c)(iii)) and the effects of this change are disclosed in note 11 to the interim condensed financial statements.

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

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

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

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

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

a) Basis of presentation and measurement (continued)

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

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

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

b) Critical accounting judgments, estimates and assumptions

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

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

c) Significant accounting policies

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

(i) Standard effective from January 1, 2019

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

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

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

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

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

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

(ii) Standards issued but not yet effective

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

- IFRS 9 - "Financial instruments", In July 2014, the IASB published IFRS 9 Financial Instruments which will replace IAS 39 Financial Instruments: Recognition and Measurement. The standard incorporates new classification and measurements requirements for financial assets, the introduction of an expected credit loss impairment model which will replace the incurred loss model of IAS 39, and new hedge accounting requirements. Under IFRS 9, all financial assets will be measured at either amortised cost or fair value. The basis of classification will depend on the business model and the contractual cash flow characteristics of the financial assets. The standard retains most of IAS 39's requirements for financial liabilities except for those designated at fair value through profit or loss whereby that part of the fair value changes attributable to own credit is to be recognised in other comprehensive income instead of the income statement.

In September 2016, the IASB published amendments to IFRS 4 Insurance Contracts that address the accounting consequences of the application of IFRS 9 to insurers prior to the publication of the forthcoming accounting standard for insurance contracts. The amendments introduce two options for insurers: the deferral approach and the overlay approach. The deferral approach provides an entity, if eligible, with a temporary exemption from applying IFRS 9 until the earlier of the effective date of a new insurance contract standard or 2022. The overlay approach allows an entity to remove from profit or loss the effects of some of the accounting mismatches that may occur before the new insurance contracts standard is applied.

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

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

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

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

c) Significant accounting policies (continued)

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

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

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

As mentioned in note 2(a), the basis of preparation has been changed for the period ended 30 June 2019, based on the issuance of latest instructions from SAMA dated 23 July 2019. Previously, zakat and income tax was recognized in the statement of changes in equity as per the SAMA circular no 381000074519 dated 11 April 2017. As per SAMA instructions dated 23 July 2019, the zakat and income tax shall be recognized in the interim statement of income. The Company has accounted for this change in the accounting for zakat and income tax retrospectively and the effects of the above change are disclosed in note 11 to the interim condensed financial information. The change has resulted in reduction of reported income of the Company for the three and six month periods ended 30 June 2018 by SR 1.5 million and SR 3.06 million respectively. The change has had no impact on the interim statement of cash flows for the period ended 30 June 2018. Below is the changed accounting policy for zakat and income tax.

Zakat

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

Income tax

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

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

Adjustments arising from the final income tax assessments are recorded in the period in which such assessments are made.

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

c) Significant accounting policies (continued)

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

Deferred income tax

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

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

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

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

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

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

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

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

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

d) Functional and presentation currency

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

SABB Takaful Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)

30 June 2019

3. INVESTMENTS

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

	<i>30 June 2019 (Unaudited)</i> <i>SAR'000</i>		
	<i>Takaful</i> <i>Operations</i>	<i>Shareholders'</i> <i>Operations</i>	<i>Total</i>
<i>Available-for-sale investments – Quoted</i>			
Investment in Amanah Mutual Funds	<u>374,647</u>	-	<u>374,647</u>
<i>Held-to-maturity investments – Unquoted</i>			
General Authority of Civil Aviation Sukuk (GACA – I)	-	50,563	50,563
Bank AlBilad Sukuk	-	20,086	20,086
Ministry of Finance Sukuk (MOF-I)	-	10,143	10,143
Ministry of Finance Sukuk (MOF-II)	-	10,431	10,431
	-	<u>91,223</u>	<u>91,223</u>
Total investments	<u><u>374,647</u></u>	<u><u>91,223</u></u>	<u><u>465,870</u></u>

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

SABB Takaful Company (A Saudi Joint Stock Company)

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3. INVESTMENTS (continued)

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

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

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

b) The fair value of held-to-maturity investments as at 30 June 2019 was SAR 90.87 million (31 December 2018: SAR 120.90 million).

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

	30 June 2019 (Unaudited) SAR'000	31 December 2018 (Audited) SAR'000
Opening balance	352,115	381,037
Purchased during the period/ year	38,697	77,971
Sold during the period/ year	(46,401)	(110,957)
	344,411	348,051
Net change in fair values of investments	30,236	4,064
Closing balance	374,647	352,115

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

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

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

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

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

SABB Takaful Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)

30 June 2019

4. CONTRIBUTIONS AND RETAKAFUL RECEIVABLES, NET

	<i>30 June 2019 (Unaudited) SAR'000</i>	<i>31 December 2018 (Audited) SAR'000</i>
Policyholders	4,483	7,992
Reinsurers	2,419	7,220
Due from a shareholder (The Saudi British Bank)	20	13
	<u>6,922</u>	<u>15,225</u>
Provision for impairment	(2,852)	(2,575)
	<u><u>4,070</u></u>	<u><u>12,650</u></u>

Balances receivables from a shareholder is 0.29 % (31 December 2018: 0.09 %) of the gross receivables and the Company does not foresee any credit risk as the Bank has very good credit rating.

5. CASH AND CASH EQUIVALENTS

	<i>30 June 2019 (Unaudited) SAR'000</i>		
	<i>Takaful Operations</i>	<i>Shareholders' Operations</i>	<i>Total</i>
Bank balances	21,223	3,165	24,388
Murabaha deposits	<u>36,179</u>	<u>222,331</u>	<u>258,510</u>
	<u><u>57,402</u></u>	<u><u>225,496</u></u>	<u><u>282,898</u></u>

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

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

SABB Takaful Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)

30 June 2019

6. OUTSTANDING CLAIMS

	<i>30 June 2019 (Unaudited)</i>		
	<i>Gross SAR'000</i>	<i>Retakaful share SAR'000</i>	<i>Net SAR'000</i>
Family Takaful outstanding claims			
- Outstanding claims reserves	22,170	(16,120)	6,050
- Incurred but not reported reserve and other reserves	22,227	(15,910)	6,317
General Takaful outstanding claims			
- Outstanding claims reserves	16,763	(15,902)	861
- Incurred but not reported reserve and other reserves	5,651	(3,586)	2,065
Total outstanding claims	<u>66,811</u>	<u>(51,518)</u>	<u>15,293</u>
	<i>31 December 2018 (Audited)</i>		
	<i>Gross SAR'000</i>	<i>Retakaful share SAR'000</i>	<i>Net SAR'000</i>
Family Takaful outstanding claims			
- Outstanding claims reserves	18,988	(14,033)	4,955
- Incurred but not reported reserve and other reserves	20,337	(15,679)	4,658
General Takaful outstanding claims			
- Outstanding claims reserves	27,302	(25,629)	1,673
- Incurred but not reported reserve and other reserves	4,559	(2,389)	2,170
Total outstanding claims	<u>71,186</u>	<u>(57,730)</u>	<u>13,456</u>

The outstanding claims include SAR 27.27 million as at 30 June 2019 (As at 31 December 2018: SAR 26.56 million) payable to the Bank.

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

a) Movement in reserve for takaful activities

	<i>Six months ended 30 June 2019 (Unaudited) SAR'000</i>	<i>Year ended 31 December 2018 (Audited) SAR'000</i>
Balance as at the beginning of the period/year	352,115	381,037
Changes in reserve during the period/year	105	(17,983)
Planholder charges	(7,809)	(15,003)
Net change in fair value of investments	30,236	4,064
Balance as at the end of the period/year	<u>374,647</u>	<u>352,115</u>

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

SABB Takaful Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)

30 June 2019

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

b) Movement in net unearned contribution

	<i>Six months ended 30 June 2019 (Unaudited)</i>		
	<i>Gross</i> <i>SAR'000</i>	<i>Retakaful</i> <i>share</i> <i>SAR'000</i>	<i>Net</i> <i>SAR'000</i>
Balance as at the beginning of the period	9,565	(6,969)	2,596
Contribution written during the period	34,526	(26,130)	8,396
Contribution earned during the period	(34,625)	25,451	(9,174)
Balance as at the end of the period	9,466	(7,648)	1,818
	<i>Year ended 31 December 2018</i> <i>(Audited)</i>		
	<i>Gross</i> <i>SAR'000</i>	<i>Retakaful</i> <i>share</i> <i>SAR'000</i>	<i>Net</i> <i>SAR'000</i>
Balance as at the beginning of the year	14,389	(10,802)	3,587
Contribution written during the year	61,995	(41,423)	20,572
Contribution earned during the year	(66,819)	45,256	(21,563)
Balance as at the end of the year	9,565	(6,969)	2,596

c) Non-unit reserve

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

d) Unexpired risk reserve

This reserve comprises of an expense overrun reserve of SAR 0.37 million (31 December 2018: SAR 0.57 million) and premium deficiency reserve of SAR 2.11 million (31 December 2018: SAR 2.42 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 (UNAUDITED)

30 June 2019

8. SEGMENTAL INFORMATION

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

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

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

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

	<i>Shareholders' Operations 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 month period ended 30 June 2019					
Gross contributions written	-	20,257	10,015	3,641	33,913
Net contributions written	-	24,068	3,179	952	28,199
Net contributions earned	-	24,068	3,398	791	28,257
Fees and commission income	-	639	-	1,167	1,806
Total revenue	-	24,707	3,398	1,958	30,063
Net claims and other benefits incurred	-	(21,329)	(2,690)	(439)	(24,458)
Changes in reserve for takaful activities	-	(268)	-	-	(268)
Changes in non-unit reserve	-	(446)	-	-	(446)
Changes in unexpired risk reserve	-	-	23	(505)	(482)
Policy acquisition costs	-	(437)	(206)	(433)	(1,076)
Net underwriting income for the period	-	2,227	525	581	3,333
General and administrative expenses	(862)	(3,565)	(3,397)	(3,901)	(11,725)
Rebate income	-	330	-	-	330
Income from deposits	1,344	91	63	74	1,572
Income from sukuk	1,024	-	-	-	1,024
Total income/ (loss) for the period before zakat and tax	1,506	(917)	(2,809)	(3,246)	(5,466)
Zakat and tax for the period	(1,323)	-	-	-	(1,323)
Total income/ (loss) for the period after zakat and tax	183	(917)	(2,809)	(3,246)	(6,789)
Purchase of intangibles	540	-	-	-	540
Amortisation	220	-	-	-	220
Depreciation	17	-	-	-	17

SABB Takaful Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)

30 June 2019

8. SEGMENTAL INFORMATION (continued)

	<i>Shareholders' Operations SAR'000</i>	<i>Individual Family (Protection & Savings) SAR'000</i>	<i>Group Family (Protection & Savings) SAR'000</i>	<i>General Takaful SAR'000</i>	<i>Total SAR'000</i>
For the six month period ended 30 June 2019					
Gross contributions written	-	38,698	20,026	14,500	73,224
Net contributions written	-	46,043	6,900	1,496	54,439
Net contributions earned	-	46,043	7,337	1,837	55,217
Fees and commission income	-	639	-	2,280	2,919
Total revenue	-	46,682	7,337	4,117	58,136
Net claims and other benefits incurred	-	(39,726)	(3,635)	(161)	(43,522)
Changes in reserve for takaful activities	-	(105)	-	-	(105)
Changes in non-unit reserve	-	6	-	-	6
Changes in unexpired risk reserve	-	-	199	309	508
Policy acquisition costs	-	(735)	(256)	(1,145)	(2,136)
Net underwriting income for the period	-	6,122	3,645	3,120	12,887
General and administrative expenses	(1,744)	(7,477)	(6,703)	(6,988)	(22,912)
Rebate income	-	660	-	-	660
Income from deposits	2,817	194	130	155	3,296
Income from sukuk	2,125	-	-	-	2,125
Total income/ (loss) for the period before zakat and tax	3,198	(501)	(2,928)	(3,713)	(3,944)
Zakat and tax for the period	(2,874)	-	-	-	(2,874)
Total income/ (loss) for the period after zakat and tax	324	(501)	(2,928)	(3,713)	(6,818)
Purchase of intangibles	1,077	-	-	-	1,077
Amortisation	414	-	-	-	414
Depreciation	35	-	-	-	35
30 June 2019					
Intangible assets	2,522	-	-	-	2,522
Fixed assets	111	-	-	-	111
Assets					
Cash and cash equivalents	225,496	28,171	16,104	13,127	282,898
Contributions and retakaful receivables, net	-	(137)	1,076	3,131	4,070
Retakaful share of unearned contributions	-	-	227	7,421	7,648
Retakaful share of outstanding claims	-	556	31,474	19,488	51,518
Deferred policy acquisition costs	-	-	101	543	644
Available-for-sale financial assets	-	374,647	-	-	374,647
Held-to-maturity financial assets	91,223	-	-	-	91,223
Statutory deposit	34,000	-	-	-	34,000
Unallocated assets	-	-	-	-	9,625
Total assets					856,273
Liabilities					
Retakaful balances payable	-	-	3,739	3,851	7,590
Unearned contributions	-	-	736	8,730	9,466
Unearned retakaful commission	-	-	-	1,814	1,814
Gross outstanding claims	-	2,334	42,063	22,414	66,811
Unexpired risk reserve	-	-	367	2,116	2,483
Non-unit reserve	-	5,573	-	-	5,573
Provision for employees' end-of-service benefits	-	2,105	1,812	2,245	6,162
Reserve for takaful activities	-	374,647	-	-	374,647
Unallocated liabilities	-	-	-	-	42,715
Total liabilities					517,261

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NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)

30 June 2019

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					
30 June 2018 (Unaudited)					
Gross contributions written	-	19,036	9,805	4,035	32,876
Net contributions written	-	22,377	3,779	1,092	27,248
Net contributions earned	-	22,377	3,921	1,192	27,490
Fees and commission income	-	78	212	2,008	2,298
Total revenue	-	22,455	4,133	3,200	29,788
Net claims and other benefits incurred	-	(27,110)	(1,851)	(124)	(29,085)
Changes in reserve for takaful activities	-	8,510	-	-	8,510
Changes in non-unit reserve	-	(23)	-	-	(23)
Changes in unexpired risk reserve	-	-	-	89	89
Policy acquisition costs	-	(186)	(106)	(528)	(820)
Net underwriting income for the period	-	3,646	2,176	2,637	8,459
General and administrative expenses	(840)	(3,698)	(2,737)	(3,339)	(10,614)
Rebate income	-	330	-	-	330
Income from deposits	978	68	61	57	1,164
Income from sukuk	1,049	-	-	-	1,049
Total income/ (loss) for the period before zakat and tax	1,187	346	(500)	(645)	388
Zakat and tax for the period	(1,520)	-	-	-	(1,520)
Total (loss)/ income for the period after zakat and tax	(333)	346	(500)	(645)	(1,132)
Purchase of intangibles	295	-	-	-	295
Amortisation	152	-	-	-	152
Depreciation	22	-	-	-	22
For the six months ended					
30 June 2018 (Unaudited)					
Gross contributions written	-	38,263	19,689	9,401	67,353
Net contributions written	-	45,540	7,448	1,787	54,775
Net contributions earned	-	45,540	8,115	3,056	56,711
Fees and commission income	-	78	212	3,331	3,621
Total revenue	-	45,618	8,327	6,387	60,332
Net claims and other benefits incurred	-	(53,068)	(1,886)	(803)	(55,757)
Changes in reserve for takaful activities	-	14,644	-	-	14,644
Changes in non-unit reserve	-	(168)	-	-	(168)
Changes in unexpired risk reserve	-	-	-	1,258	1,258
Policy acquisition costs	-	(469)	(200)	(1,166)	(1,835)
Net underwriting income for the period	-	6,557	6,241	5,676	18,474
General and administrative expenses	(1,298)	(7,738)	(6,621)	(6,927)	(22,584)
Rebate income	-	782	-	-	782
Income from deposits	1,967	108	102	61	2,238
Income from sukuk	2,078	-	-	-	2,078
Total income/ (loss) for the period before zakat and tax	2,747	(291)	(278)	(1,190)	988
Zakat and tax for the period	(3,058)	-	-	-	(3,058)
Total loss for the period after zakat and tax	(311)	(291)	(278)	(1,190)	(2,070)
Purchase of intangibles	401	-	-	-	401
Amortisation	287	-	-	-	287
Depreciation	44	-	-	-	44

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NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)

30 June 2019

8. SEGMENTAL INFORMATION (continued)

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

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

	Protection & Savings SAR'000	Property & Casualty SAR'000	*Motor SAR'000	Total SAR'000
For the three month period ended 30 June 2019 (Unaudited)				
Gross written contribution				
Individual	20,257	94	-	20,351
Micro enterprises	-	-	-	-
Small enterprises	-	111	-	111
Medium enterprises	11	758	-	769
Large enterprises	10,004	2,678	-	12,682
	30,272	3,641	-	33,913
For the six month period ended 30 June 2019 (Unaudited)				
Gross written contribution				
Individual	38,698	183	-	38,881
Micro enterprises	-	-	-	-
Small enterprises	-	541	-	541
Medium enterprises	107	1,056	-	1,163
Large enterprises	19,919	12,720	-	32,639
	58,724	14,500	-	73,224

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

SABB Takaful Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)

30 June 2019

8. SEGMENTAL INFORMATION (continued)

	<i>Protection & Savings</i> SAR'000	<i>Property & Casualty</i> SAR'000	<i>*Motor</i> SAR'000	<i>Total</i> SAR'000
For the three month period ended 30 June 2018 (Unaudited)				
<u>Gross written contribution</u>				
Individual	19,036	103	-	19,139
Micro enterprises	-	29	-	29
Small enterprises	-	106	-	106
Medium enterprises	6	1,271	-	1,277
Large enterprises	9,799	2,526	-	12,325
	<u>28,841</u>	<u>4,035</u>	<u>-</u>	<u>32,876</u>
For the six month period ended 30 June 2018 (Unaudited)				
<u>Gross written contribution</u>				
Individual	38,263	197	-	38,460
Micro enterprises	-	29	-	29
Small enterprises	-	488	-	488
Medium enterprises	81	1,569	-	1,650
Large enterprises	19,608	7,118	-	26,726
	<u>57,952</u>	<u>9,401</u>	<u>-</u>	<u>67,353</u>

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

9. BASIC AND DILUTED LOSS PER SHARE

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

	<i>Three months ended 30 June 2019</i> SAR'000	<i>Three months ended 30 June 2018</i> SAR'000 (Restated)	<i>Six months ended 30 June 2019</i> SAR'000	<i>Six months ended 30 June 2018</i> SAR'000 (Restated)
Net loss for the period attributable to the shareholders after zakat and tax (SAR'000)	<u>(6,789)</u>	<u>(1,132)</u>	<u>(6,818)</u>	<u>(2,070)</u>
Weighted average number of ordinary shares (Number in thousands)	<u>34,000</u>	<u>34,000</u>	<u>34,000</u>	<u>34,000</u>
Loss per share (SAR)	<u>(0.20)</u>	<u>(0.03)</u>	<u>(0.20)</u>	<u>(0.06)</u>

SABB Takaful Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)

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10. RELATED PARTY TRANSACTIONS

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

d) Transactions with related parties

The summary of major related party transactions is as follows:

	<i>Three months ended 30 June 2019 SAR'000</i>	<i>Three months ended 30 June 2018 SAR'000</i>	<i>Six months ended 30 June 2019 SAR'000</i>	<i>Six months ended 30 June 2018 SAR'000</i>
The Saudi British Bank <i>(a shareholder of the Company)</i>				
Gross contributions written	8,036	8,542	21,330	17,375
Claims paid	3,514	14,212	8,871	18,718
Other expenses				
- IT maintenance cost and related expenses	884	507	1,524	1,395
- Overheads	-	-	-	-
Investment income on murabaha deposits	162	259	162	322
Other entities controlled, jointly controlled or significantly influenced by related parties				
Policy acquisition costs paid	896	474	1,926	1,291
HSBC Saudi Arabia Limited – IBSA				
Rebate on unit-linked investments	330	330	660	782
Alawwal Bank	339	-	339	-
Investment income on murabaha deposits				

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

SABB Takaful Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)

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10. RELATED PARTY TRANSACTIONS (continued)

e) Compensation of key management personnel

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

	<i>Three months period ended 30 June 2019 SAR'000 (Unaudited)</i>		<i>Three months period ended 30 June 2018 SAR'000 (Unaudited)</i>	
	<i>Takaful Operations</i>	<i>Shareholders' Operations</i>	<i>Takaful Operations</i>	<i>Shareholders' Operations</i>
Salaries and other benefits including end-of-service benefits	1,214	-	1,009	-
Directors' remuneration and other benefits	-	199	-	283
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Number of key management personnel	<u> 5 </u>	<u> 8 </u>	<u> 5 </u>	<u> 8 </u>
	<i>Six months period ended 30 June 2019 SAR'000 (Unaudited)</i>		<i>Six months period ended 30 June 2018 SAR'000 (Unaudited)</i>	
	<i>Takaful Operations</i>	<i>Shareholders' Operations</i>	<i>Takaful Operations</i>	<i>Shareholders' Operations</i>
Salaries and other benefits including end-of-service benefits	2,351	-	1,997	-
Directors' remuneration and other benefits	-	428	-	493
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Number of key management personnel	<u> 5 </u>	<u> 8 </u>	<u> 5 </u>	<u> 8 </u>

11. ZAKAT AND TAX

f) Status of Assessment

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

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

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11. ZAKAT AND TAX (continued)

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

The change in the accounting treatment for zakat and income tax (as explained in note 2) has the following impact on the line items of the interim statements of income, comprehensive income and changes in shareholders' equity. There is no impact on the interim statement of financial position as at June 30, 2018 and interim statement of cash flows for the period then ended.

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

Financial statement impacted	Account	As previously stated for three months ended June 30, 2018	Effect of restatement relating to zakat	As restated for three months ended June 30, 2018
Statement of income	Zakat and tax charge for the period	-	(1,520)	(1,520)
Statement of income	Basic and diluted loss per share	0.01	(0.04)	(0.03)

For the six-month period ended June 30, 2018 – SAR in '000

Financial statement impacted	Account	As previously stated for three months ended June 30, 2018	Effect of restatement relating to zakat	As restated for three months ended June 30, 2018
Statement of income	Zakat and tax charge for the period	-	(3,058)	(3,058)
Statement of income	Basic and diluted loss per share	0.03	(0.09)	(0.06)
Statement of change in shareholders' equity	Total comprehensive income after zakat and tax	988	(3,058)	(2,070)
Statement of change in shareholders' equity	Zakat and tax charge for the period	(3,058)	3,058	-

12. SHARE CAPITAL

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

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

SABB Takaful Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)

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13. SUPPLEMENTARY INFORMATION

Interim statement of financial position

	SAR '000					
	30 June 2019			31 December 2018 (Audited)		
	Takaful Operations	Shareholders' Operations	Total	Takaful Operations	Shareholders' Operations	Total
ASSETS						
Cash and cash equivalents	57,402	225,496	282,898	49,707	194,312	244,019
Contributions and retakaful receivables, net	4,070	-	4,070	12,650	-	12,650
Retakaful share of unearned contributions	7,648	-	7,648	6,969	-	6,969
Retakaful share of outstanding claims	51,518	-	51,518	57,730	-	57,730
Deferred policy acquisition costs	644	-	644	1,019	-	1,019
Due from/ (to) shareholders'/ takaful operations	10,541	(10,541)	-	(2,167)	2,167	-
Available-for-sale financial assets	374,647	-	374,647	352,115	-	352,115
Held-to-maturity financial assets	-	91,223	91,223	-	120,899	120,899
Prepaid expenses and other assets	2,329	692	3,021	843	389	1,232
Fixed assets	-	111	111	-	146	146
Intangible assets	-	2,522	2,522	-	1,859	1,859
Statutory deposit	-	34,000	34,000	-	34,000	34,000
Accrued income on statutory deposit	-	3,971	3,971	-	3,509	3,509
TOTAL ASSETS	508,799	347,474	856,273	478,866	357,281	836,147
LIABILITIES						
Accrued and other liabilities	28,154	1,047	29,201	17,964	1,414	19,378
Provision for zakat and income tax	-	2,950	2,950	-	6,034	6,034
Retakaful balances payable	7,590	-	7,590	5,880	-	5,880
Unearned contributions	9,466	-	9,466	9,565	-	9,565
Unearned retakaful commission	1,814	-	1,814	2,290	-	2,290
Gross outstanding claims	66,811	-	66,811	71,186	-	71,186
Unexpired risk reserve	2,483	-	2,483	2,991	-	2,991
Non-unit reserve	5,573	-	5,573	5,579	-	5,579
Provision for employees' end-of-service benefits	6,162	-	6,162	4,916	-	4,916
Surplus distribution payable	6,593	-	6,593	6,593	-	6,593
Reserve for takaful activities	374,647	-	374,647	352,115	-	352,115
Accrued income on statutory deposit	-	3,971	3,971	-	3,509	3,509
TOTAL LIABILITIES	509,293	7,968	517,261	479,079	10,957	490,036
Takaful operations' surplus	-	-	-	-	-	-
TOTAL LIABILITIES AND TAKAFUL OPERATIONS' SURPLUS	509,293	7,968	517,261	479,079	10,957	490,036
SHAREHOLDERS' EQUITY						
Share capital	-	340,000	340,000	-	340,000	340,000
Legal reserve	-	14,788	14,788	-	14,788	14,788
Remeasurements of retirement benefit obligations	(494)	-	(494)	(213)	-	(213)
Accumulated losses	-	(15,282)	(15,282)	-	(8,464)	(8,464)
	(494)	339,506	339,012	(213)	346,324	346,111
TOTAL LIABILITIES, TAKAFUL OPERATIONS' SURPLUS AND SHAREHOLDERS' EQUITY	508,799	347,474	856,273	478,866	357,281	836,147

SABB Takaful Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)

30 June 2019

13. SUPPLEMENTARY INFORMATION (continued)

Interim statement of income

	SAR '000					
	For the three month period ended 30 June 2019			For the three month period ended 30 June 2018		
	Takaful Operations	Shareholders' Operations	Total	Takaful Operations	Shareholders' Operations	Total
REVENUES						
Gross contributions written						
- Family Takaful	30,272	-	30,272	28,841	-	28,841
- General Takaful	3,641	-	3,641	4,035	-	4,035
Gross contributions written	33,913	-	33,913	32,876	-	32,876
Retakaful contribution ceded						
- Local retakaful contribution ceded	(1,923)	-	(1,923)	(2,067)	-	(2,067)
- Foreign retakaful contribution ceded	(7,850)	-	(7,850)	(7,172)	-	(7,172)
Planholder charges	4,059	-	4,059	3,611	-	3,611
Net contributions written	28,199	-	28,199	27,248	-	27,248
Changes in gross unearned contributions	3,414	-	3,414	2,400	-	2,400
Changes in retakaful share of unearned contributions	(3,356)	-	(3,356)	(2,158)	-	(2,158)
Net contributions earned	28,257	-	28,257	27,490	-	27,490
Fees and commission income	1,806	-	1,806	2,298	-	2,298
Total revenue	30,063	-	30,063	29,788	-	29,788
UNDERWRITING COSTS AND EXPENSES						
Gross claims paid	(14,862)	-	(14,862)	(15,998)	-	(15,998)
Retakaful share of claims paid	12,795	-	12,795	12,894	-	12,894
Surrenders and maturities	(19,989)	-	(19,989)	(27,548)	-	(27,548)
Net claims and other benefits paid	(22,056)	-	(22,056)	(30,652)	-	(30,652)
Changes in outstanding claims, net	(1,501)	-	(1,501)	409	-	409
Changes in IBNR, net	(901)	-	(901)	1,158	-	1,158
Net claims and other benefits incurred	(24,458)	-	(24,458)	(29,085)	-	(29,085)
Changes in reserve for takaful activities	(268)	-	(268)	8,510	-	8,510
Changes in non-unit reserve	(446)	-	(446)	(23)	-	(23)
Changes in unexpired risk reserve	(482)	-	(482)	89	-	89
Policy acquisition costs	(1,076)	-	(1,076)	(820)	-	(820)
Total underwriting costs and expenses	(26,730)	-	(26,730)	(21,329)	-	(21,329)
Net underwriting income	3,333	-	3,333	8,459	-	8,459
OTHER OPERATING (EXPENSES)/ INCOME						
General and administrative expenses	(10,863)	(862)	(11,725)	(9,774)	(840)	(10,614)
Rebate income	330	-	330	330	-	330
Income from deposits	228	1,344	1,572	186	978	1,164
Income from sukuk	-	1,024	1,024	-	1,049	1,049
TOTAL OTHER OPERATING (EXPENSES)/ INCOME, NET	(10,305)	1,506	(8,799)	(9,258)	1,187	(8,071)
Total (loss)/ income for the period	(6,972)	1,506	(5,466)	(799)	1,187	388
Shareholders' absorption of deficit/ (surplus transferred to shareholders) from takaful operations	6,972	(6,972)	-	799	(799)	-
Net result after shareholders' absorption of deficit/ transfer of surplus to shareholders before zakat and tax	-	(5,466)	(5,466)	-	388	388
Zakat and tax for the period	-	(1,323)	(1,323)	-	(1,520)	(1,520)
Net result after shareholders' absorption of deficit/ transfer of surplus to shareholders after zakat and tax	-	(6,789)	(6,789)	-	(1,132)	(1,132)

SABB Takaful Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)

30 June 2019

13. SUPPLEMENTARY INFORMATION (continued)

Interim statement of income

	SAR *000					
	For the six month period ended 30 June 2019			For the six month period ended 30 June 2018		
	Takaful Operations	Shareholders' Operations	Total	Takaful Operations	Shareholders' Operations	Total
REVENUES						
Gross contributions written						
- Family Takaful	58,724	-	58,724	57,952	-	57,952
- General Takaful	14,500	-	14,500	9,401	-	9,401
Gross contributions written	73,224	-	73,224	67,353	-	67,353
Retakaful contribution ceded						
- Local retakaful contribution ceded	(3,617)	-	(3,617)	(4,112)	-	(4,112)
- Foreign retakaful contribution ceded	(22,977)	-	(22,977)	(16,261)	-	(16,261)
Planholder charges	7,809	-	7,809	7,795	-	7,795
Net contributions written	54,439	-	54,439	54,775	-	54,775
Changes in gross unearned contributions	99	-	99	5,030	-	5,030
Changes in retakaful share of unearned contributions	679	-	679	(3,094)	-	(3,094)
Net contributions earned	55,217	-	55,217	56,711	-	56,711
Fees and commission income	2,919	-	2,919	3,621	-	3,621
Total revenue	58,136	-	58,136	60,332	-	60,332
UNDERWRITING COSTS AND EXPENSES						
Gross claims paid	(20,202)	-	(20,202)	(21,805)	-	(21,805)
Retakaful share of claims paid	17,109	-	17,109	17,094	-	17,094
Surrenders and maturities	(38,592)	-	(38,592)	(52,908)	-	(52,908)
Net claims and other benefits paid	(41,685)	-	(41,685)	(57,619)	-	(57,619)
Changes in outstanding claims, net	(283)	-	(283)	300	-	300
Changes in IBNR, net	(1,554)	-	(1,554)	1,562	-	1,562
Net claims and other benefits incurred	(43,522)	-	(43,522)	(55,757)	-	(55,757)
Changes in reserve for takaful activities	(105)	-	(105)	14,644	-	14,644
Changes in non-unit reserve	6	-	6	(168)	-	(168)
Changes in unexpired risk reserve	508	-	508	1,258	-	1,258
Policy acquisition costs	(2,136)	-	(2,136)	(1,835)	-	(1,835)
Total underwriting costs and expenses	(45,249)	-	(45,249)	(41,858)	-	(41,858)
Net underwriting income	12,887	-	12,887	18,474	-	18,474
OTHER OPERATING (EXPENSES)/ INCOME						
General and administrative expenses	(21,168)	(1,744)	(22,912)	(21,286)	(1,298)	(22,584)
Rebate income	660	-	660	782	-	782
Income from deposits	479	2,817	3,296	271	1,967	2,238
Income from sukuk	-	2,125	2,125	-	2,078	2,078
TOTAL OTHER OPERATING (EXPENSES)/ INCOME, NET	(20,029)	3,198	(16,831)	(20,233)	2,747	(17,486)
Total (loss)/ income for the period	(7,142)	3,198	(3,944)	(1,759)	2,747	988
Shareholders' absorption of deficit/ (surplus transferred to shareholders) from takaful operations	7,142	(7,142)	-	1,759	(1,759)	-
Net result after shareholders' absorption of deficit/ transfer of surplus to shareholders before zakat and tax	-	(3,944)	(3,944)	-	988	988
Zakat and tax for the period	-	(2,874)	(2,874)	-	(3,058)	(3,058)
Net result after shareholders' absorption of deficit/ transfer of surplus to shareholders after zakat and tax	-	(6,818)	(6,818)	-	(2,070)	(2,070)

SABB Takaful Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)

30 June 2019

13. SUPPLEMENTARY INFORMATION (continued)

Interim statement of comprehensive income

	SAR '000					
	For the three month period ended 30 June 2019			For the three month period ended 30 June 2018		
	Takaful Operations	Shareholders' Operations	Total	Takaful Operations	Shareholders' Operations	Total
Total loss for the period attributable to the shareholders after zakat and tax	-	(6,789)	(6,789)	-	(1,132)	(1,132)
Other comprehensive income						
<i>Items that will be reclassified to statement of income in subsequent periods</i>						
- Fair value change in available for sale investments – unrealized	2,656	-	2,656	6,948	-	6,948
- Fair value change in reserve for takaful activities – unrealized	(2,656)	-	(2,656)	(6,948)	-	(6,948)
<i>Items that will not be reclassified to statement of income in subsequent periods</i>						
- Remeasurements of retirement benefit obligations	(191)	-	(191)	72	-	72
Total comprehensive (loss)/ income for the period	<u>(191)</u>	<u>(6,789)</u>	<u>(6,980)</u>	<u>72</u>	<u>(1,132)</u>	<u>(1,060)</u>

	SAR '000					
	For the six month period ended 30 June 2019			For the six month period ended 30 June 2018		
	Takaful Operations	Shareholders' Operations	Total	Takaful Operations	Shareholders' Operations	Total
Total loss for the period attributable to the shareholders after zakat and tax	-	(6,818)	(6,818)	-	(2,070)	(2,070)
Other comprehensive income						
<i>Items that will be reclassified to statement of income in subsequent periods</i>						
- Fair value change in available for sale investments – unrealized	30,236	-	30,236	16,535	-	16,535
- Fair value change in reserve for takaful activities – unrealized	(30,236)	-	(30,236)	(16,535)	-	(16,535)
<i>Items that will not be reclassified to statement of income in subsequent periods</i>						
- Remeasurements of retirement benefit obligations	(281)	-	(281)	61	-	61
Total comprehensive (loss)/ income for the period	<u>(281)</u>	<u>(6,818)</u>	<u>(7,099)</u>	<u>61</u>	<u>(2,070)</u>	<u>(2,009)</u>

SABB Takaful Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)

30 June 2019

13. SUPPLEMENTARY INFORMATION (continued)

Interim statement of cash flows

	SR '000					
	For the six month period ended 30 June 2019			For the six month period ended 30 June 2018		
	Takaful Operations	Shareholders' Operations	Total	Takaful Operations	Shareholders' Operations	Total
CASHFLOWS FROM OPERATING ACTIVITIES						
Net (loss)/ income for the period before zakat and tax	-	(3,944)	(3,944)	-	988	988
Adjustment for non-cash items:						
Amortisation	-	414	414	-	287	287
Depreciation	-	35	35	-	44	44
Income from sukuk	-	(2,125)	(2,125)	-	(2,078)	(2,078)
Gain on sale of fixed assets	-	-	-	-	-	-
Shareholders' appropriation from deficit/ surplus	(7,142)	7,142	-	(1,759)	1,759	-
Provision of impairment on contribution and retakaful receivables	277	-	277	476	-	476
Provision for employees' end-of-service benefits	1,028	-	1,028	542	-	542
Amortization of premium on sukuk	-	14	14	-	-	-
	<u>(5,837)</u>	<u>1,536</u>	<u>(4,301)</u>	<u>(741)</u>	<u>1,000</u>	<u>259</u>
Changes in operating assets and liabilities:						
Contributions and retakaful receivable, net	8,303	-	8,303	2,008	-	2,008
Retakaful share of unearned contributions	(679)	-	(679)	3,094	-	3,094
Retakaful share of outstanding claims	6,212	-	6,212	(5,168)	-	(5,168)
Deferred policy acquisition costs	375	-	375	(39)	-	(39)
Available-for-sale financial assets	(22,532)	-	(22,532)	5,904	-	5,904
Prepaid expenses and other assets	(1,486)	(303)	(1,789)	31	(197)	(166)
Accrued and other liabilities	10,190	(367)	9,823	9,282	(645)	8,637
Retakaful balances payable	1,710	-	1,710	(4,859)	-	(4,859)
Gross unearned contributions	(99)	-	(99)	(5,030)	-	(5,030)
Unearned retakaful commission	(476)	-	(476)	(623)	-	(623)
Gross outstanding claims	(4,375)	-	(4,375)	3,306	-	3,306
Unexpired risk reserve	(508)	-	(508)	(1,258)	-	(1,258)
Non-unit reserve	(6)	-	(6)	168	-	168
Reserve for takaful activities	22,532	-	22,532	(5,904)	-	(5,904)
Surplus paid	-	-	-	-	-	-
	<u>13,324</u>	<u>866</u>	<u>14,190</u>	<u>171</u>	<u>158</u>	<u>329</u>
Employees' end-of-service benefits paid	(63)	-	(63)	(670)	-	(670)
Zakat and tax paid	-	(5,958)	(5,958)	-	(4,452)	(4,452)
	<u>13,261</u>	<u>(5,092)</u>	<u>8,169</u>	<u>(499)</u>	<u>(4,294)</u>	<u>(4,793)</u>
CASHFLOWS FROM INVESTING ACTIVITIES						
Purchase of held-to-maturity financial assets	-	(20,370)	(20,370)	-	12,000	12,000
Maturity of held-to-maturity financial assets	-	50,000	50,000	-	12,000	12,000
Income received from sukuk	-	2,157	2,157	-	2,078	2,078
Purchase of intangible assets	-	(1,077)	(1,077)	-	(401)	(401)
Purchase of fixed assets	-	-	-	-	-	-
Proceeds from sale of fixed assets	-	-	-	-	-	-
	<u>-</u>	<u>30,710</u>	<u>30,710</u>	<u>-</u>	<u>13,677</u>	<u>13,677</u>
Net cash generated from investing activities	-	30,710	30,710	-	13,677	13,677
CASHFLOWS FROM FINANCING ACTIVITIES						
Due from/ (to) shareholders'/ takaful operations, net	(5,566)	5,566	-	27,618	(27,618)	-
Net change in cash and cash equivalents	7,695	31,184	38,879	27,119	(18,235)	8,884
Cash and cash equivalents, beginning of the year	49,707	194,312	244,019	33,746	205,353	239,099
	<u>57,402</u>	<u>225,496</u>	<u>282,898</u>	<u>60,865</u>	<u>187,118</u>	<u>247,983</u>
Non-cash supplemental information:						
Net change in fair value of available for sale investments	30,236	-	30,236	16,535	-	16,535

30 June 2019

14. RECLASSIFICATION OF COMPARATIVE FIGURES

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

15. APPROVAL OF THE INTERIM CONDENSED FINANCIAL INFORMATION

These interim condensed financial information were approved by the Board of Directors on 4 Dhul-Hijjah 1440H corresponding to 5 August 2019.