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

**UNAUDITED INTERIM CONDENSED
FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND SIX-MONTH
PERIODS ENDED 30 JUNE 2018**

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

**UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2018**

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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 statement of financial position of AlAhli Takaful Company - a Saudi Joint Stock Company ("the Company") as at 30 June 2018 and the related interim statements of income, comprehensive income for the three-month and six-month periods then ended and the related interim statements of changes in shareholders' equity and cash flows for the six-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" that is 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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for Baker Tilly MKM & Co

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Certified Public Accountant
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Jeddah, Kingdom of Saudi Arabia
20, Dhu al Qa'dah 1439H
Corresponding to 2 August 2018



ALAHLI TAKAFUL COMPANY – A SAUDI JOINT STOCK COMPANY

INTERIM STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

		30 June 2018 (Unaudited) SR'000	31 December 2017 (Audited) SR'000
	Notes		
ASSETS			
Cash and cash equivalents	4	62,719	26,671
Contributions and reinsurance receivables - net	5	2,145	13,277
Reinsurance share of unearned contributions	6	3,997	3,312
Reinsurance share of outstanding claims		24,262	21,094
Unit-linked investments	7	674,608	694,409
Investments	8	308,962	321,070
Due from a related party		-	109
Prepayments and other assets		7,771	5,998
Furniture, fittings and office equipment		1,728	2,000
Intangible assets		3,069	3,809
Statutory deposit		16,667	16,667
Accrued income on statutory deposit		1,247	1,093
TOTAL ASSETS		1,107,175	1,109,509
LIABILITIES			
Accrued and other liabilities		27,201	26,827
Reinsurance balances payable		51,814	51,073
Unearned contributions	6	6,314	4,998
Outstanding claims		28,182	23,700
Technical reserve for Insurance Operations	9.1	697,218	710,625
Incurred But Not Reported (IBNR) reserves	9.2	8,607	6,268
Due to related parties	10	2,094	1,948
End-of-service indemnities		1,670	1,758
Surplus from Insurance Operations		19,452	17,698
Zakat and income tax	11	20,702	22,422
Dividends payable		8	7
Accrued income payable to SAMA		1,247	1,093
TOTAL LIABILITIES		864,509	868,417
SHAREHOLDERS' EQUITY			
Share capital		166,667	166,667
Statutory reserve		29,385	26,343
Retained earnings		46,614	48,082
TOTAL SHAREHOLDERS' EQUITY		242,666	241,092
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,107,175	1,109,509

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 and six-month periods ended 30 June 2018

		<i>Three-month period ended 30 June</i>		<i>Six-month period ended 30 June</i>	
	<i>Notes</i>	<i>2018 SR'000</i>	<i>2017 SR'000</i>	<i>2018 SR'000</i>	<i>2017 SR'000</i>
REVENUES					
Gross contributions written		48,912	58,090	171,585	176,177
Reinsurance contributions ceded:					
- Local		-	-	-	-
- Foreign		(3,605)	(1,326)	(51,666)	(41,890)
Net contributions written		45,307	56,764	119,919	134,287
Change in unearned contributions - net		11,776	10,451	(631)	(1,519)
Net contributions earned		57,083	67,215	119,288	132,768
Investment fund fee	10	1,265	1,384	2,535	2,807
TOTAL REVENUES		58,348	68,599	121,823	135,575
UNDERWRITING COSTS AND EXPENSES					
Gross claims paid		(27,140)	(34,502)	(53,077)	(50,727)
Reinsurer's share of claims paid		22,492	29,582	45,892	43,852
Net claims and other benefits paid		(4,648)	(4,920)	(7,185)	(6,875)
Changes in outstanding claims - net		523	2,007	(1,314)	2,877
Changes in claims incurred but not reported, net		(2,559)	(3,759)	(2,339)	(4,250)
Net claims and other benefits incurred		(6,684)	(6,672)	(10,838)	(8,248)
Investible contributions, net		(40,461)	(46,492)	(83,012)	(91,964)
Changes in technical reserves, net		779	3,788	(186)	411
Policy acquisition costs		475	(1,504)	(1,263)	(3,237)
Other underwriting expenses		(245)	(293)	(858)	(885)
TOTAL UNDERWRITING COSTS AND EXPENSES		(46,136)	(51,173)	(96,157)	(103,923)
NET UNDERWRITING INCOME		12,212	17,426	25,666	31,652
OTHER OPERATING (EXPENSES)/ INCOME					
(Additions to)/reversal of doubtful debts allowance		(191)	(2,110)	639	(1,713)
General and administration expenses		(6,170)	(6,182)	(12,462)	(12,579)
Unrealised gain on FVIS investments		2,164	1,913	2,892	3,915
Realised gain on FVIS investments		104	132	228	278
Realised gain on available-for-sale investments, net		-	727	-	727
Other income		-	267	-	267
TOTAL OTHER OPERATING EXPENSES		(4,093)	(5,253)	(8,703)	(9,105)
Net income for the period-C/F		8,119	12,173	16,963	22,547

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) (continued)

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

	<i>Notes</i>	<i>Three-month period ended 30 June</i>		<i>Six-month period ended 30 June</i>	
		<i>2018 SR'000</i>	<i>2017 SR'000</i>	<i>2018 SR'000</i>	<i>2017 SR'000</i>
Net income for the period-B/F		8,119	12,173	16,963	22,547
Net income attributed to the insurance operations		(767)	(1,099)	(1,754)	(2,116)
Net income for the period attributable to the shareholders		7,352	11,074	15,209	20,431
Weighted average number of ordinary shares outstanding (in thousands)		16,667	16,667	16,667	16,667
Earnings per share for the period (SR)	14	0.44	0.66	0.91	1.23

Director

Chief Financial Officer

Chief Executive Officer

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ALAHLI TAKAFUL COMPANY – A SAUDI JOINT STOCK COMPANY

INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

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

	<i>Three-month period ended 30 June</i>		<i>Six-month period ended 30 June</i>	
	<i>2018 SR'000</i>	<i>2017 SR'000</i>	<i>2018 SR'000</i>	<i>2017 SR'000</i>
NET INCOME FOR THE PERIOD ATTRIBUTABLE TO SHAREHOLDERS	7,352	11,074	15,209	20,431
Other comprehensive income:				
<i>Items that may be reclassified to interim statement of income</i>				
Transferred to interim statement of shareholders' operations on disposal	-	(646)	-	(1,155)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	7,352	10,428	15,209	19,276

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 CHANGES IN SHAREHOLDERS' EQUITY
For the six-month period ended 30 June 2018

	<i>Share capital SR'000</i>	<i>Statutory reserve SR'000</i>	<i>Retained earnings SR'000</i>	<i>Cumulative changes in fair value of available for sale investments SR'000</i>	<i>Total SR'000</i>
Balance as at 31 December 2017 (audited)	166,667	26,343	48,082	-	241,092
Net income for the six-month period	-	-	15,209	-	15,209
Other comprehensive income:					
Transferred to interim statement of shareholders' operations on disposal	-	-	-	-	-
	-	-	15,209	-	15,209
Dividend (note 15)	-	-	(12,500)	-	(12,500)
Zakat for the six-month period (note 11)	-	-	(2,781)	-	(2,781)
Income tax for the six-month period (note 11)	-	-	(390)	-	(390)
Income tax recovered from non-Saudi shareholders (note 15)	-	-	1,091	-	1,091
Prior years income tax recovered from GAZT as per refund notice	-	-	1,370	-	1,370
Payment for previously recovered amount to a non-Saudi shareholder exempted from tax	-	-	(425)	-	(425)
Transfer to statutory reserve	-	3,042	(3,042)	-	-
Balance at 30 June 2018 (unaudited)	166,667	29,385	46,614	-	242,666

	<i>Share capital SR'000</i>	<i>Statutory reserve SR'000</i>	<i>Retained earnings SR'000</i>	<i>Cumulative changes in fair value of available for sale investments SR'000</i>	<i>Total SR'000</i>
Balance as at 31 December 2016 (audited)	166,667	18,637	29,248	1,155	215,707
Net income for the six-month period	-	-	20,431	-	20,431
Other comprehensive income:					
Transferred to interim statement of shareholders' operations on disposal	-	-	-	(1,155)	(1,155)
	-	-	20,431	(1,155)	19,276
Dividend (note 15)	-	-	(8,333)	-	(8,333)
Zakat for the six-month period	-	-	(2,195)	-	(2,195)
Income tax for the six-month period	-	-	(963)	-	(963)
Transfer to statutory reserve	-	4,086	(4,086)	-	-
Balance at 30 June 2017 (unaudited)	166,667	22,723	34,102	-	223,492

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 six-month period ended 30 June 2018

	<i>Six-month period ended 30 June</i>	
	<i>2018 SR'000</i>	<i>2017 SR'000</i>
OPERATING ACTIVITIES		
Net income for the period attributable to the shareholders	15,209	20,431
Adjustments for the period:		
Net income attributed to the insurance operations	1,754	2,116
Depreciation	413	322
Amortization of intangible assets	870	808
End-of-service indemnities, net	(88)	44
Reinsurance share of unearned contribution	(685)	(1,993)
Unearned contribution	1,316	3,512
(Additions to)/reversal of doubtful debts allowance	(639)	1,713
Realised gain on sale of available-for-sale investment	-	(727)
Unrealised gain on re-measurement of FVIS investments	(2,892)	(3,915)
Income before changes in operating assets and liabilities	15,258	22,311
Changes in operating assets and liabilities:		
Unit-linked investments	19,801	14,214
Contributions and reinsurance receivable – net	11,771	(39,351)
Due from a related party	109	(108)
Prepayments and other assets	(1,773)	(2,635)
Reinsurance share of outstanding claims	(3,168)	22,796
Technical Reserve for Insurance Operations	(13,407)	(17,457)
Incurred But Not Reported (IBNR) reserves	2,339	4,250
Outstanding claims	4,482	(25,673)
Reinsurance balances payable	741	(5,162)
Due to related parties	146	1,289
Accrued and other liabilities	374	622
Accrued income on statutory deposit	(154)	(163)
Accrued income payable to SAMA	154	163
Zakat and income tax paid	(4,891)	(2,104)
Net cash from/(used in) operating activities	31,782	(27,008)
INVESTING ACTIVITIES		
Purchase of furniture, fittings and office equipment	(141)	(11)
Additions to intangible assets	(130)	(258)
Redemption of investments	15,000	80,316
Purchase of investments	-	(55,037)
Proceeds from disposal of available-for-sale investments	-	9,721
Net cash from investing activities	14,729	34,731

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 six-month period ended 30 June 2018

	<i>Six-month period ended 30 June</i>	
	<i>2018 SR'000</i>	<i>2017 SR'000</i>
FINANCING ACTIVITIES		
Dividend paid	(11,833)	(6,479)
Prior years income tax recovered from GAZT as per refund notice	1,370	-
Net cash used in financing activities	(10,463)	(6,479)
Net increase in cash and cash equivalents	36,048	1,244
Cash and cash equivalents at the beginning of the period	26,671	19,033
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	62,719	20,277



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

At 30 June 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 81.91% by Saudi founding shareholders and general public subject to zakat and 18.09% 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, IBNR reserves 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. The Company’s interim condensed financial statements and annual financial statements until 31 December 2017, presented separately the statement of financial position, statements of income, comprehensive income and cash flows for the insurance operations and shareholders’ operations.

During 2018, SAMA issued an illustrative financial statements for the insurance sector in the Kingdom of Saudi Arabia. Following the illustrative financial statements, the Company issued these 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 were also combined to conform with the current period presentation. 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.

ALAHLI TAKAFUL COMPANY – A SAUDI JOINT STOCK COMPANY
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
At 30 June 2018

2 BASIS OF PREPARATION (continued)

a) Basis of preparation (continued)

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 (SR) 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 expenses. 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 were 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 the insurance operations of the Company.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies, estimates and assumptions used in the preparation of these interim condensed financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2017, except as explained below:

a) New IFRS, International Financial Reporting and Interpretations Committee's interpretations (IFRIC) and amendments thereof, adopted by the Company

The following new standards, amendments and revisions to existing standards, which were issued by the International Accounting Standards Board (IASB) have been effective from 1 January 2018 and accordingly adopted by the Company, as applicable:

<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". Although, 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)
 At 30 June 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 below. 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 the 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 has 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)
 At 30 June 2018

4 CASH AND CASH EQUIVALENTS

	30 June 2018 (Unaudited) SR'000	31 December 2017 (Audited) SR'000
<i>Insurance Operations</i>		
Cash in hand	12	9
Cash at bank (see note 4.1)	58,895	26,305
	<u>58,907</u>	<u>26,314</u>
<i>Shareholders' Operations</i>		
Cash at bank (see note 4.1)	3,812	357
	<u>62,719</u>	<u>26,671</u>

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

5 CONTRIBUTIONS AND REINSURANCE RECEIVABLES – NET

	30 June 2018 (Unaudited) SR'000	31 December 2017 (Audited) SR'000
Policyholders	1,782	5,142
Related parties (see note 10)	363	822
Receivable from reinsurers	-	7,313
	<u>2,145</u>	<u>13,277</u>

6 UNEARNED CONTRIBUTIONS

	30 June 2018 (Unaudited)		
	<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
Contributions (written)/ceded during the period	(171,585)	51,666	(119,919)
Contributions earned/ (paid or adjusted) during the period	172,901	(52,351)	120,550
	<u>6,314</u>	<u>(3,997)</u>	<u>2,317</u>
Balance at the end of the period			
	<u>6,314</u>	<u>(3,997)</u>	<u>2,317</u>
	Year ended 31 December 2017 (Audited)		
	<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
Contributions (written)/ceded during the year	(353,113)	91,277	(261,836)
Contributions earned/ (paid or adjusted) during the year	357,826	(94,431)	263,395
	<u>4,998</u>	<u>(3,312)</u>	<u>1,686</u>
Balance at the end of the year			
	<u>4,998</u>	<u>(3,312)</u>	<u>1,686</u>

ALAHLI TAKAFUL COMPANY – A SAUDI JOINT STOCK COMPANY
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
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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.

	<u>30 June</u> <u>2018</u> (Unaudited) SR'000	<u>31 December</u> <u>2017</u> (Audited) SR'000
<i>Investment held to cover unit-linked liabilities:</i>		
AlAhli Multi-Asset Conservative Fund	365,148	381,095
AlAhli Multi-Asset Moderate Fund	173,780	176,647
AlAhli Multi-Asset Growth Fund	135,680	136,667
	<u>674,608</u>	<u>694,409</u>

The movement in unit-linked investments during the six-month period ended 30 June 2018 and year ended 31 December 2017 is as follows:

	<u>30 June</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	694,409	749,771
Redemptions during the period/year	(34,000)	(116,057)
Unrealised gain during the period/year (note 9.1(b))	14,199	60,695
Balance at the end of the period/year	<u>674,608</u>	<u>694,409</u>

8 INVESTMENTS

	<u>30 June</u> <u>2018</u> (Unaudited) SR'000	<u>31 December</u> <u>2017</u> (Audited) SR'000
FVIS Investments		
Insurance operations (note 8.1)	67,457	76,942
Shareholders' operations (note 8.2)	241,505	244,128
	<u>308,962</u>	<u>321,070</u>

The carrying value and the fair value of the investments are the 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 a FVIS investment upon initial recognition because it is managed on a fair value basis and its performance is actively monitored.

	<u>30 June</u> <u>2018</u> (Unaudited) SR'000	<u>31 December</u> <u>2017</u> (Audited) SR'000
AlAhli Diversified Saudi Riyal Trade Fund	<u>67,457</u>	<u>76,942</u>

ALAHLI TAKAFUL COMPANY – A SAUDI JOINT STOCK COMPANY
 NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
 At 30 June 2018

8 INVESTMENTS (continued)

8.1 Insurance Operations – FVIS Investments (continued)

The movement in the FVIS investments during the six-month period ended 30 June 2018 and year ended 31 December 2017 is as follows:

	<u>30 June</u> <u>2018</u> (Unaudited) SR'000	<u>31 December</u> <u>2017</u> (Audited) SR'000
Insurance Operations		
Balance at the beginning of the period/year	76,942	122,156
Purchases	-	65,000
Redemption	(15,000)	(49,000)
Transferred from/(to) FVIS Shareholders' Operations (see below)	5,000	(62,563)
Unrealised gain	515	1,349
Balance at the end of the period/year	<u>67,457</u>	<u>76,942</u>

8.2 Shareholders' Operations – FVIS Investments

	<u>30 June</u> <u>2018</u> (Unaudited) SR'000	<u>31 December</u> <u>2017</u> (Audited) SR'000
AlAhli Takaful Discretionary Portfolio	218,110	215,876
Investment in a real estate fund	6,915	6,997
AlAhli Diversified Saudi Riyal Trade Fund	16,480	21,255
	<u>241,505</u>	<u>244,128</u>

AlAhli Takaful discretionary portfolio is managed by a subsidiary of the Company's major shareholder. The 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.

	<u>30 June</u> <u>2018</u> (Unaudited) SR'000	<u>31 December</u> <u>2017</u> (Audited) SR'000
Shareholders' Operations		
Balance at the beginning of the period/year	244,128	172,146
Purchases	-	49,721
Redemption	-	(46,000)
Transferred (to)/from FVIS Insurance Operations (see above)	(5,000)	62,563
Unrealised gain	2,377	5,698
Balance at the end of the period/year	<u>241,505</u>	<u>244,128</u>

ALAHLI TAKAFUL COMPANY – A SAUDI JOINT STOCK COMPANY
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
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9 TECHNICAL RESERVE

9.1 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:

	30 June 2018 (Unaudited) SR'000	31 December 2017 (Audited) SR'000
Technical reserve relating to the Participant Investment Strategies (unit-linked liability)	689,744	703,336
Allowance for the retained risk	7,474	7,289
	697,218	710,625

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

	30 June 2018 (Unaudited) SR'000	31 December 2017 (Audited) SR'000
Balance as at the beginning of the period/year	710,625	762,306
Change in allowance for the retained risk	185	(89)
Unrealised gain on unit-linked investments (note 7)	14,199	60,695
Investible contributions	83,012	184,902
Surrenders and maturities	(110,131)	(297,189)
Others	(672)	-
Balance as at the end of the period/year	697,218	710,625

9.2 Incurred But Not Reported (IBNR) Reserves

- a) A reserve for Incurred But Not Reported (IBNR) Insurance Operations is created, as per the report received from the Actuary, as detailed below:

	30 June 2018 (Unaudited) SR'000	31 December 2017 (Audited) SR'000
Incurred But Not Reported (IBNR) reserves	8,607	6,268

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

	30 June 2018 (Unaudited) SR'000	31 December 2017 (Audited) SR'000
Balance as at the beginning of the period/year	6,268	5,305
Change in Incurred But Not Reported (IBNR) reserve	2,339	963
Balance as at the end of the period/year	8,607	6,268

ALAHLI TAKAFUL COMPANY – A SAUDI JOINT STOCK COMPANY
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At 30 June 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 5, following are the details of major related party transactions during the six-month period ended 30 June 2018 and 30 June 2017:

<u>Name</u>	<u>Relationship</u>	<u>Nature of transactions</u>	<u>Amount of transactions</u> <u>For six-month period ended</u>	
			<u>30 June</u> <u>2018</u> <u>(Unaudited)</u> <u>SR'000</u>	<u>30 June</u> <u>2017</u> <u>(Unaudited)</u> <u>SR'000</u>
National Commercial Bank	Shareholder	Gross Group Insurance contributions	70,198	62,059
		Gross claims paid	51,886	49,985
AlAhli Insurance Marketing Services Company Limited	Subsidiary of a shareholder	Agency commission and others	-	1,645
FWU	Shareholder	Administration fee	982	1,259
NCB Capital	Subsidiary of a shareholder	Investment fund fee	2,535	2,807
Key management personnel		Short-term benefits	1,811	1,866
		End of service benefits	72	86

- b) Receivable from/(payable to) related parties

	<u>30 June</u> <u>2018</u> <u>(Unaudited)</u> <u>SR'000</u>	<u>31 December</u> <u>2017</u> <u>(Audited)</u> <u>SR'000</u>
Receivable from National Commercial Bank - a shareholder (note 5)	363	822
Accrued investment fund fee receivable from subsidiary of a Shareholder	517	439
Receivable from NCB Capital – subsidiary of a shareholder	-	109
Payable to FWU – a shareholder	(319)	(173)
Payable to AlAhli Insurance Marketing Services Company Limited - subsidiary of a shareholder	(1,775)	(1,775)
	(2,094)	(1,948)
Outstanding claims payable to National Commercial Bank - a shareholder - gross	(20,241)	(18,244)

- c) In addition to the disclosures set out in note 4, 5, 7 and 8 relating to related parties, amounts 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)
At 30 June 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 six-month period ended 30 June 2018 and 2017:

	<u>Amount of transactions</u> <u>For six-month period ended</u>	
	<u>2018</u> <u>(Unaudited)</u> <u>SR'000</u>	<u>2017</u> <u>(Unaudited)</u> <u>SR'000</u>
Board and other committees remuneration	1,227	1,145
Board and other committees attendance fees	292	262
Board accommodation and travel	-	254
b) Payable to related parties		
	<u>30 June</u> <u>2018</u> <u>(Unaudited)</u> <u>SR'000</u>	<u>31 December</u> <u>2017</u> <u>(Audited)</u> <u>SR'000</u>
Remuneration and other expenses payable to Board and other committees	(2,329)	(3,153)

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 six-month period ended 30 June 2018 and year ended 31 December 2017 is as follows:

	<u>30 June</u> <u>2018</u> <u>(Unaudited)</u> <u>SR'000</u>	<u>31 December</u> <u>2017</u> <u>(Audited)</u> <u>SR'000</u>
Balance at the beginning of the period/year	22,422	19,380
Zakat charge for the period/year	2,781	4,495
Income tax charge for the period/year	390	653
Zakat and income tax paid	(4,891)	(2,106)
Balance at the end of the period/year	20,702	22,422

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 2017.

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 assessments for the years 2010 through 2012, demanding additional Zakat liability of SR 3,680 thousand and withholding tax liability of SR 1,189 thousand. The Company filed an appeal with GAZT against these assessments and the management is confident of a favourable outcome. However, the Company settled zakat for years 2010 to 2012 of SR 3,052 thousand while objecting on certain items.

ALAHLI TAKAFUL COMPANY – A SAUDI JOINT STOCK COMPANY
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
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11 ZAKAT AND INCOME TAX (continued)

The GAZT has issued initial assessments for the years 2013 through 2014, demanding additional Zakat liability of SR 2,585 thousand and SR 2,622 thousand, respectively. The Company filed an appeal with GAZT against these assessments and the management is confident of a favourable outcome.

The GAZT has not yet raised any assessment for 2015, 2016 and 2017.

12 OPERATING SEGMENT INFORMATION

Operating segments are reported in a 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 the 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 segment offers life protection programmes to the members of organizations on a group basis, and credit protection benefits in respect of personal loans 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 the chief operating decision maker under related segments and are monitored on a centralized basis.

ALAHJI TAKAFUL COMPANY – A SAUDI JOINT STOCK COMPANY
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
At 30 June 2018

12 OPERATING SEGMENT INFORMATION (continued)

	<i>As at 30 June 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>
ASSETS					
Cash and cash equivalents	48,979	9,928	58,907	3,812	62,719
Contributions and reinsurance receivables – net	-	2,145	2,145	-	2,145
Reinsurance share of unearned contributions	-	3,997	3,997	-	3,997
Reinsurance share of outstanding claims	1,916	22,346	24,262	-	24,262
Unit-linked investments	674,608	-	674,608	-	674,608
Investments	8,848	58,609	67,457	241,505	308,962
Prepayments and other assets	517	-	517	-	517
	<u>734,868</u>	<u>97,025</u>	<u>831,893</u>	<u>245,317</u>	<u>1,077,210</u>
Unallocated amounts:					
- Prepayments and other assets			2,798	4,456	7,254
- Furniture, fittings and office equipment			1,728	-	1,728
- Intangible assets			3,069	-	3,069
- Statutory deposit			-	16,667	16,667
- Accrued income on statutory deposit			-	1,247	1,247
TOTAL ASSETS			<u>839,488</u>	<u>267,687</u>	<u>1,107,175</u>
LIABILITIES					
Accrued and other liabilities	10,112	5,667	15,779	-	15,779
Reinsurance balances payable	5,803	46,011	51,814	-	51,814
Unearned contributions	-	6,314	6,314	-	6,314
Outstanding claims	2,488	25,694	28,182	-	28,182
Technical reserve for Insurance Operations	691,993	5,225	697,218	-	697,218
Incurred But Not Reported (IBNR) reserves	495	8,112	8,607	-	8,607
Due to related parties	2,094	-	2,094	-	2,094
	<u>712,985</u>	<u>97,023</u>	<u>810,008</u>	<u>-</u>	<u>810,008</u>
Unallocated amounts:					
- Accrued and other liabilities			7,806	3,616	11,422
- End-of-service indemnities			1,670	-	1,670
- Surplus from Insurance Operations			19,452	-	19,452
- Zakat and income tax			-	20,702	20,702
- Dividends payable			-	8	8
- Accrued income payable to SAMA			-	1,247	1,247
TOTAL LIABILITIES			<u>838,936</u>	<u>25,573</u>	<u>864,509</u>

ALAHLI TAKAFUL COMPANY – A SAUDI JOINT STOCK COMPANY
 NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
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12 OPERATING SEGMENT INFORMATION (continued)

	As at 31 December 2017 (Audited)				
	<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>
ASSETS					
Cash and cash equivalents	23,943	2,371	26,314	357	26,671
Contributions and reinsurance receivables					
- 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
	751,580	84,207	835,787	244,485	1,080,272
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
TOTAL ASSETS			843,005	266,504	1,109,509
LIABILITIES					
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	706,246	4,379	710,625	-	710,625
Incurred But Not Reported (IBNR) reserves	266	6,002	6,268	-	6,268
Due to related parties	1,948	-	1,948	-	1,948
	732,429	81,238	813,667	-	813,667
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
- Zakat and income tax			-	22,422	22,422
- Dividends payable			-	7	7
- Accrued income payable to SAMA			-	1,093	1,093
TOTAL LIABILITIES			840,027	28,390	868,417

ALAHLI TAKAFUL COMPANY – A SAUDI JOINT STOCK COMPANY
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
At 30 June 2018

12 OPERATING SEGMENT INFORMATION (continued)

	Three-month period ended 30 June 2018 (Unaudited)		
	Insurance - individual SR'000	Insurance- group SR'000	Total SR'000
INSURANCE REVENUE			
Gross contributions written	47,967	945	48,912
Reinsurance contributions ceded:			
- Local	-	-	-
- Foreign	(827)	(2,778)	(3,605)
Net contributions written	47,140	(1,833)	45,307
Change in unearned contributions – net	-	11,776	11,776
Net contributions earned	47,140	9,943	57,083
Investment fund fee	1,265	-	1,265
TOTAL REVENUES	48,405	9,943	58,348
UNDERWRITING COSTS AND EXPENSES			
Gross claims paid	(53)	(27,087)	(27,140)
Reinsurer's share of claims paid	37	22,455	22,492
Net claims and other benefits paid	(16)	(4,632)	(4,648)
Changes in outstanding claims – net	(12)	535	523
Changes in claims incurred but not reported, net	(2)	(2,557)	(2,559)
Net claims and other benefits incurred	(30)	(6,654)	(6,684)
Investible contributions, net	(40,461)	-	(40,461)
Changes in technical reserves, net	(264)	1,043	779
Policy acquisition costs	(539)	1,014	475
Other underwriting expenses	(240)	(5)	(245)
TOTAL UNDERWRITING COSTS AND EXPENSES	(41,534)	(4,602)	(46,136)
NET UNDERWRITING INCOME	6,871	5,341	12,212
OTHER OPERATING (EXPENSES)/ INCOME			
Unallocated amounts:			
- Additions to doubtful debts allowance			(191)
- General and administration expenses			(6,170)
- Unrealised gain on investments			2,164
- Realised gain on investments			104
TOTAL OTHER OPERATING EXPENSES			(4,093)
Net income for the period			8,119
Net income attributed to the insurance operations			(767)
Net income for the period attributable to the shareholders			7,352

ALAHLI TAKAFUL COMPANY – A SAUDI JOINT STOCK COMPANY
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
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12 OPERATING SEGMENT INFORMATION (continued)

	Three-month period ended 30 June 2017 (Unaudited)		
	Insurance - <i>individual</i> SR '000	Insurance- <i>group</i> SR '000	<i>Total</i> SR '000
INSURANCE REVENUE			
Gross contributions written	57,245	845	58,090
Reinsurance contributions ceded:			
- Local	-	-	-
- Foreign	(967)	(359)	(1,326)
Net contributions written	56,278	486	56,764
Change in unearned contributions - net	-	10,451	10,451
Net contributions earned	56,278	10,937	67,215
Investment fund fee	1,384	-	1,384
TOTAL REVENUES	57,662	10,937	68,599
UNDERWRITING COSTS AND EXPENSES			
Gross claims paid	(362)	(34,140)	(34,502)
Reinsurer's share of claims paid	259	29,323	29,582
Net claims and other benefits paid	(103)	(4,817)	(4,920)
Changes in outstanding claims - net	(6)	2,013	2,007
Changes in claims incurred but not reported, net	(1)	(3,758)	(3,759)
Net claims and other benefits incurred	(110)	(6,562)	(6,672)
Investible contributions, net	(46,492)	-	(46,492)
Changes in technical reserves, net	(243)	4,031	3,788
Policy acquisition costs	(1,504)	-	(1,504)
Other underwriting expenses	(289)	(4)	(293)
TOTAL UNDERWRITING COSTS AND EXPENSES	(48,638)	(2,535)	(51,173)
NET UNDERWRITING INCOME	9,024	8,402	17,426
OTHER OPERATING (EXPENSES)/ INCOME			
Unallocated amounts:			
- Additions to doubtful debts allowance			(2,110)
- General and administration expenses			(6,182)
- Unrealised gain on FVIS investments			1,913
- Realised gain on FVIS investments			132
- Realised gain on available-for-sale investments, net			727
- Other income			267
TOTAL OTHER OPERATING EXPENSES			(5,253)
Net income for the period			12,173
Net income attributed to the insurance operations			(1,099)
Net income for the period attributable to the shareholders			11,074

ALAHLI TAKAFUL COMPANY – A SAUDI JOINT STOCK COMPANY
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
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12 OPERATING SEGMENT INFORMATION (continued)

	Six-month period ended 30 June 2018 (Unaudited)		
	Insurance - individual SR'000	Insurance- group SR'000	Total SR'000
INSURANCE REVENUE			
Gross contributions written	99,060	72,525	171,585
Reinsurance contributions ceded:			
- Local	-	-	-
- Foreign	(1,672)	(49,994)	(51,666)
Net contributions written	97,388	22,531	119,919
Change in unearned contributions - net	-	(631)	(631)
Net contributions earned	97,388	21,900	119,288
Investment fund fee	2,535	-	2,535
TOTAL REVENUES	99,923	21,900	121,823
UNDERWRITING COSTS AND EXPENSES			
Gross claims paid	(211)	(52,866)	(53,077)
Reinsurer's share of claims paid	159	45,733	45,892
Net claims and other benefits paid	(52)	(7,133)	(7,185)
Changes in outstanding claims - net	(278)	(1,036)	(1,314)
Changes in claims incurred but not reported, net	(230)	(2,109)	(2,339)
Net claims and other benefits incurred	(560)	(10,278)	(10,838)
Investible contributions, net	(83,012)	-	(83,012)
Other technical reserves	662	(848)	(186)
Policy acquisition costs	(1,106)	(157)	(1,263)
Other underwriting expenses	(495)	(363)	(858)
TOTAL UNDERWRITING COSTS AND EXPENSES	(84,511)	(11,646)	(96,157)
NET UNDERWRITING INCOME	15,412	10,254	25,666
OTHER OPERATING (EXPENSES)/ INCOME			
Unallocated amounts:			
- Reversal of doubtful debts allowance			639
- General and administration expenses			(12,462)
- Unrealised gain on investments			2,892
- Realised gain on investments			228
TOTAL OTHER OPERATING EXPENSES			(8,703)
Net income for the period			16,963
Net income attributed to the insurance operations			(1,754)
Net income for the period attributable to the shareholders			15,209

ALAHLI TAKAFUL COMPANY – A SAUDI JOINT STOCK COMPANY
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
At 30 June 2018

12 OPERATING SEGMENT INFORMATION (continued)

	<i>Six-month period ended 30 June 2017</i>		
	<i>(Unaudited)</i>		
	<i>Insurance - individual SR'000</i>	<i>Insurance- group SR'000</i>	<i>Total SR'000</i>
INSURANCE REVENUE			
Gross contributions written	113,444	62,733	176,177
Reinsurance contributions ceded:			
- Local	-	-	-
- Foreign	(1,972)	(39,918)	(41,890)
Net contributions written	111,472	22,815	134,287
Change in unearned contributions - net	-	(1,519)	(1,519)
Net contributions earned	111,472	21,296	132,768
Investment fund fee	2,807	-	2,807
TOTAL REVENUES	114,279	21,296	135,575
UNDERWRITING COSTS AND EXPENSES			
Gross claims paid	(566)	(50,161)	(50,727)
Reinsurer's share of claims paid	431	43,421	43,852
Net claims and other benefits paid	(135)	(6,740)	(6,875)
Changes in outstanding claims - net	(5)	2,882	2,877
Changes in claims incurred but not reported, net	(2)	(4,248)	(4,250)
Net claims and other benefits incurred	(142)	(8,106)	(8,248)
Investible contributions, net	(91,964)	-	(91,964)
Changes in technical reserves, net	(578)	989	411
Policy acquisition costs	(3,217)	(20)	(3,237)
Other underwriting expenses	(571)	(314)	(885)
TOTAL UNDERWRITING COSTS AND EXPENSES	(96,472)	(7,451)	(103,923)
NET UNDERWRITING INCOME	17,807	13,845	31,652
OTHER OPERATING (EXPENSES)/ INCOME			
Unallocated amounts:			
- Additions to doubtful debts allowance			(1,713)
- General and administration expenses			(12,579)
- Unrealised gain on FVIS investments			3,915
- Realised gain on FVIS investments			278
- Realised gain on available-for-sale investments, net			727
- Other income			267
TOTAL OTHER OPERATING EXPENSES			(9,105)
Net income for the period			22,547
Net income attributed to the insurance operations			(2,116)
Net income for the period attributable to the shareholders			20,431

ALAHLI TAKAFUL COMPANY – A SAUDI JOINT STOCK COMPANY
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
At 30 June 2018

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), contributions and reinsurance receivables, 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 30 June 2018, apart from the investments which are carried at fair value (notes 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 30 June 2018 and 31 December 2017, all financial instruments which are fair valued are Level 1 instruments except for investment in real estate fund and AlAhli Takaful discretionary portfolio which were 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 were 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 totaling SR 12.5 million to its shareholders (During the year 2017, for the year ended 31 December 2016: SR 0.5 per share totaling 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)
 At 30 June 2018

16 SUPPLEMENTARY INFORMATION

a) INTERIM STATEMENT OF FINANCIAL POSITION

	<i>Insurance operations</i>	<i>Shareholders' operations</i>	<i>30 June 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>
ASSETS						
Cash and cash equivalents	58,907	3,812	62,719	26,314	357	26,671
Contributions and reinsurance receivables, net	2,145	-	2,145	13,277	-	13,277
Reinsurance share of unearned contributions	3,997	-	3,997	3,312	-	3,312
Reinsurance share of outstanding claims	24,262	-	24,262	21,094	-	21,094
Unit-linked investments	674,608	-	674,608	694,409	-	694,409
Investments	67,457	241,505	308,962	76,942	244,128	321,070
Due from Insurance Operations	-	552	552	-	2,978	2,978
Due from a related party	-	-	-	-	109	109
Prepayments and other assets	3,315	4,456	7,771	1,848	4,150	5,998
Furniture, fittings and office equipment	1,728	-	1,728	2,000	-	2,000
Intangible assets	3,069	-	3,069	3,809	-	3,809
Statutory deposit	-	16,667	16,667	-	16,667	16,667
Accrued income on statutory deposit	-	1,247	1,247	-	1,093	1,093
	839,488	268,239	1,107,727	843,005	269,482	1,112,487
Less: Inter-operations eliminations	-	(552)	(552)	-	(2,978)	(2,978)
TOTAL ASSETS	839,488	267,687	1,107,175	843,005	266,504	1,109,509

ALAHLI TAKAFUL COMPANY – A SAUDI JOINT STOCK COMPANY
 NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
 At 30 June 2018

16 SUPPLEMENTARY INFORMATION (continued)

a) INTERIM STATEMENT OF FINANCIAL POSITION (continued)

	<u>Insurance operations</u>	<u>Shareholders' operations</u>	<u>30 June 2018 (Unaudited)</u>	<u>Insurance operations</u>	<u>Shareholders' operations</u>	<u>31 December 2017 (Audited)</u>
	SR'000	SR'000	SR'000	SR'000	SR'000	SR'000
LIABILITIES						
Accrued and other liabilities	23,585	3,616	27,201	21,959	4,868	26,827
Reinsurance balances payable	51,814	-	51,814	51,073	-	51,073
Unearned contributions	6,314	-	6,314	4,998	-	4,998
Outstanding claims	28,182	-	28,182	23,700	-	23,700
Technical reserve for Insurance Operations	697,218	-	697,218	710,625	-	710,625
Incurred But Not Reported (IBNR) reserves	8,607	-	8,607	6,268	-	6,268
Due to related parties	2,094	-	2,094	1,948	-	1,948
Due to Shareholders' Operations	552	-	552	2,978	-	2,978
End-of-service indemnities	1,670	-	1,670	1,758	-	1,758
Surplus from Insurance Operations	19,452	-	19,452	17,698	-	17,698
Zakat and income tax	-	20,702	20,702	-	22,422	22,422
Dividends payable	-	8	8	-	7	7
Accrued income payable to SAMA	-	1,247	1,247	-	1,093	1,093
	839,488	25,573	865,061	843,005	28,390	871,395
Less: Inter-operations eliminations	(552)	-	(552)	(2,978)	-	(2,978)
TOTAL LIABILITIES	838,936	25,573	864,509	840,027	28,390	868,417
SHAREHOLDERS' EQUITY						
Share capital	-	166,667	166,667	-	166,667	166,667
Statutory reserve	-	29,385	29,385	-	26,343	26,343
Retained earnings	-	46,614	46,614	-	48,082	48,082
TOTAL SHAREHOLDERS' EQUITY	-	242,666	242,666	-	241,092	241,092
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	838,936	268,239	1,107,175	840,027	269,482	1,109,509

ALAHLI TAKAFUL COMPANY – A SAUDI JOINT STOCK COMPANY
 NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
 At 30 June 2018

16 SUPPLEMENTARY INFORMATION (continued)

b) INTERIM STATEMENT OF INCOME

	<i>Three-month period ended 30 June (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>
REVENUES						
Gross contributions written	48,912	-	48,912	58,090	-	58,090
Reinsurance contributions ceded:						
- Local	-	-	-	-	-	-
- Foreign	(3,605)	-	(3,605)	(1,326)	-	(1,326)
Net contributions written	45,307	-	45,307	56,764	-	56,764
Change in unearned contributions - net	11,776	-	11,776	10,451	-	10,451
Net contributions earned	57,083	-	57,083	67,215	-	67,215
Investment fund fee	1,265	-	1,265	1,384	-	1,384
TOTAL REVENUES	58,348	-	58,348	68,599	-	68,599
UNDERWRITING COSTS AND EXPENSES						
Gross claims paid	(27,140)	-	(27,140)	(34,502)	-	(34,502)
Reinsurers' share of claims paid	22,492	-	22,492	29,582	-	29,582
Net claims and other benefits paid	(4,648)	-	(4,648)	(4,920)	-	(4,920)
Changes in outstanding claims – net	523	-	523	2,007	-	2,007
Changes in claims incurred but not reported, net	(2,559)	-	(2,559)	(3,759)	-	(3,759)
Net claims and other benefits incurred	(6,684)	-	(6,684)	(6,672)	-	(6,672)
Investible contributions, net	(40,461)	-	(40,461)	(46,492)	-	(46,492)
Changes in technical reserves, net	779	-	779	3,788	-	3,788
Policy acquisition costs	475	-	475	(1,504)	-	(1,504)
Other underwriting expenses	(245)	-	(245)	(293)	-	(293)
TOTAL UNDERWRITING COSTS AND EXPENSES	(46,136)	-	(46,136)	(51,173)	-	(51,173)
NET UNDERWRITING INCOME	12,212	-	12,212	17,426	-	17,426

ALAHLI TAKAFUL COMPANY – A SAUDI JOINT STOCK COMPANY
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
At 30 June 2018

16 SUPPLEMENTARY INFORMATION (continued)

b) INTERIM STATEMENT OF INCOME (continued)

	<i>Three-month period ended 30 June (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>
<u>OTHER OPERATING (EXPENSES)/ INCOME</u>						
Additions to doubtful debts allowance	(191)	-	(191)	(2,110)	-	(2,110)
General and administration expenses	(4,676)	(1,494)	(6,170)	(4,615)	(1,567)	(6,182)
Unrealised gain on FVIS investment	255	1,909	2,164	219	1,694	1,913
Realised gain on FVIS investments	67	37	104	75	57	132
Realised gain on available-for-sale investments, net	-	-	-	-	727	727
Other income	-	-	-	-	267	267
<u>TOTAL OTHER OPERATING (EXPENSES)/ INCOME</u>	(4,545)	452	(4,093)	(6,431)	1,178	(5,253)
<u>NET SURPLUS FROM OPERATIONS</u>	7,667	452	8,119	10,995	1,178	12,173
Surplus transferred to Shareholders	(6,900)	6,900	-	(9,896)	9,896	-
<u>NET INCOME FOR THE PERIOD</u>	767	7,352	8,119	1,099	11,074	12,173
Weighted averages number of ordinary shares outstanding (in thousands)	-	16,667	-	-	16,667	-
Earnings per share for the period (SR)	-	0.44	-	-	0.66	-

ALAHLI TAKAFUL COMPANY – A SAUDI JOINT STOCK COMPANY
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
At 30 June 2018

16 SUPPLEMENTARY INFORMATION (continued)

b) INTERIM STATEMENT OF INCOME (continued)

	<i>Six-month period ended 30 June (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>
REVENUES						
Gross contributions written	171,585	-	171,585	176,177	-	176,177
Reinsurance contributions ceded:						
- Local	-	-	-	-	-	-
- Foreign	(51,666)	-	(51,666)	(41,890)	-	(41,890)
Net contributions written	119,919	-	119,919	134,287	-	134,287
Change in unearned contributions - net	(631)	-	(631)	(1,519)	-	(1,519)
Net contributions earned	119,288	-	119,288	132,768	-	132,768
Investment fund fee	2,535	-	2,535	2,807	-	2,807
TOTAL REVENUES	121,823	-	121,823	135,575	-	135,575
UNDERWRITING COSTS AND EXPENSES						
Gross claims paid	(53,077)	-	(53,077)	(50,727)	-	(50,727)
Reinsurers' share of claims paid	45,892	-	45,892	43,852	-	43,852
Net claims and other benefits paid	(7,185)	-	(7,185)	(6,875)	-	(6,875)
Changes in outstanding claims – net	(1,314)	-	(1,314)	2,877	-	2,877
Changes in claims incurred but not reported, net	(2,339)	-	(2,339)	(4,250)	-	(4,250)
Net claims and other benefits incurred	(10,838)	-	(10,838)	(8,248)	-	(8,248)
Investible contributions, net	(83,012)	-	(83,012)	(91,964)	-	(91,964)
Changes in technical reserves, net	(186)	-	(186)	411	-	411
Policy acquisition costs	(1,263)	-	(1,263)	(3,237)	-	(3,237)
Other underwriting expenses	(858)	-	(858)	(885)	-	(885)
TOTAL UNDERWRITING COSTS AND EXPENSES	(96,157)	-	(96,157)	(103,923)	-	(103,923)
NET UNDERWRITING INCOME	25,666	-	25,666	31,652	-	31,652

ALAHLI TAKAFUL COMPANY – A SAUDI JOINT STOCK COMPANY
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
At 30 June 2018

16 SUPPLEMENTARY INFORMATION (continued)

b) INTERIM STATEMENT OF INCOME (continued)

	Six-month period ended 30 June (Unaudited)					
	Insurance operations SR'000	Shareholders' operations SR'000	2018 SR'000	Insurance operations SR'000	Shareholders' operations SR'000	2017 SR'000
<u>OTHER OPERATING (EXPENSES)/ INCOME</u>						
(Additions to)/reversal of doubtful debts allowance	639	-	639	(1,713)	-	(1,713)
General and administration expenses	(9,448)	(3,014)	(12,462)	(9,587)	(2,992)	(12,579)
Unrealised gain on FVIS investment	515	2,377	2,892	620	3,295	3,915
Realised gain on FVIS investments	163	65	228	186	92	278
Realised gain on available-for-sale investments, net	-	-	-	-	727	727
Other income	-	-	-	-	267	267
<u>TOTAL OTHER OPERATING (EXPENSES)/ INCOME</u>	(8,131)	(572)	(8,703)	(10,494)	1,389	(9,105)
<u>NET SURPLUS/(DEFICIT) FROM OPERATIONS</u>	17,535	(572)	16,963	21,158	1,389	22,547
Surplus transferred to Shareholders	(15,781)	15,781	-	(19,042)	19,042	-
<u>NET INCOME FOR THE PERIOD</u>	1,754	15,209	16,963	2,116	20,431	22,547
Weighted averages number of ordinary shares outstanding (in thousands)	-	16,667	-	-	16,667	-
Earnings per share for the period (SR)	-	0.91	-	-	1.23	-

ALAHLI TAKAFUL COMPANY – A SAUDI JOINT STOCK COMPANY
 NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
 At 30 June 2018

16 SUPPLEMENTARY INFORMATION (continued)

c) INTERIM STATEMENT OF COMPREHENSIVE INCOME

<i>Three-month period ended 30 June (Unaudited)</i>					
	<i>Insurance operations</i>	<i>Shareholders' operations</i>	<i>2018</i>	<i>Insurance operations</i>	<i>Shareholders' operations</i>
	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>
<u>NET INCOME FOR THE PERIOD ATTRIBUTABLE TO SHAREHOLDERS</u>	-	7,352	7,352	-	11,074
Other comprehensive income: <i>Items that may be reclassified to interim statement of income</i>					
Transferred to interim statement of shareholders' operations on disposal	-	-	-	-	(646)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-	7,352	7,352	-	10,428
<i>Six-month period ended 30 June (Unaudited)</i>					
	<i>Insurance operations</i>	<i>Shareholders' operations</i>	<i>2018</i>	<i>Insurance operations</i>	<i>Shareholders' operations</i>
	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>
<u>NET INCOME FOR THE PERIOD ATTRIBUTABLE TO SHAREHOLDERS</u>	-	15,209	15,209	-	20,431
Other comprehensive income: <i>Items that may be reclassified to interim statement of income</i>					
Transferred to interim statement of shareholders' operations on disposal	-	-	-	-	(1,155)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-	15,209	15,209	-	19,276

ALAHLI TAKAFUL COMPANY – A SAUDI JOINT STOCK COMPANY
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
At 30 June 2018

16 SUPPLEMENTARY INFORMATION (continued)

d) INTERIM STATEMENT OF CASH FLOWS

	<i>Six-month period ended 30 June(Unaudited)</i>					
	<i>Insurance operations</i> <i>SR'000</i>	<i>Shareholders' operations</i> <i>SR'000</i>	<i>2018</i> <i>SR'000</i>	<i>Insurance operations</i> <i>SR'000</i>	<i>Shareholders' operations</i> <i>SR'000</i>	<i>2017</i> <i>SR'000</i>
OPERATING ACTIVITIES						
Income for the period	1,754	15,209	16,963	2,116	20,431	22,547
Adjustments for the period:						
Depreciation	413	-	413	322	-	322
Amortization of intangible assets	870	-	870	808	-	808
End-of-service indemnities, net	(88)	-	(88)	44	-	44
Reinsurance share of unearned contributions	(685)	-	(685)	(1,993)	-	(1,993)
Unearned contributions	1,316	-	1,316	3,512	-	3,512
(Additions to)/reversal of doubtful debts allowance	(639)	-	(639)	1,713	-	1,713
Realised gain on sale of available-for-sale investment	-	-	-	-	(727)	(727)
Unrealised gain on re-measurement of FVIS investments	(515)	(2,377)	(2,892)	(620)	(3,295)	(3,915)
	<u>2,426</u>	<u>12,832</u>	<u>15,258</u>	<u>5,902</u>	<u>16,409</u>	<u>22,311</u>
Changes in operating assets and liabilities:						
Unit-linked investments	19,801	-	19,801	14,214	-	14,214
Contributions and reinsurance receivables - net	11,771	-	11,771	(39,351)	-	(39,351)
Due from a related party	-	109	109	-	(108)	(108)
Prepayments and other receivables	(1,467)	(306)	(1,773)	(1,982)	(653)	(2,635)
Reinsurance share of outstanding claims	(3,168)	-	(3,168)	22,796	-	22,796
Technical reserve for Insurance Operations	(13,407)	-	(13,407)	(17,457)	-	(17,457)
Incurred But Not Reported (IBNR) reserves	2,339	-	2,339	4,250	-	4,250
Outstanding claims	4,482	-	4,482	(25,673)	-	(25,673)
Reinsurance balances payable	741	-	741	(5,162)	-	(5,162)
Due to Shareholders' Operations	(7,426)	-	(7,426)	(33,029)	-	(33,029)
Due from Insurance Operations	-	7,426	7,426	-	33,029	33,029
Due to related parties	146	-	146	1,289	-	1,289
Accruals and other liabilities	1,626	(1,252)	374	1,336	(714)	622
Accrued income on statutory deposit	-	(154)	(154)	-	(163)	(163)
Accrued income payable to SAMA deposit	-	154	154	-	163	163
Zakat and income tax paid	-	(4,891)	(4,891)	-	(2,104)	(2,104)
	<u>17,864</u>	<u>13,918</u>	<u>31,782</u>	<u>(72,867)</u>	<u>45,859</u>	<u>(27,008)</u>
Net cash from/(used in) operating activities	<u>17,864</u>	<u>13,918</u>	<u>31,782</u>	<u>(72,867)</u>	<u>45,859</u>	<u>(27,008)</u>

ALAHLI TAKAFUL COMPANY – A SAUDI JOINT STOCK COMPANY
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
At 30 June 2018

16 SUPPLEMENTARY INFORMATION (continued)

d) INTERIM STATEMENT OF CASH FLOWS (continued)

	<i>Six-month period ended 30 June(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>
INVESTING ACTIVITIES						
Purchase of furniture, fittings and office equipment	(141)	-	(141)	(11)	-	(11)
Additions to intangible assets	(130)	-	(130)	(258)	-	(258)
Redemption of FVIS investments	15,000	-	15,000	74,316	6,000	80,316
Purchase of investments	-	-	-	-	(55,037)	(55,037)
Proceeds from disposal of available-for-sale investments	-	-	-	-	9,721	9,721
Net cash from/(used in) investing activities	<u>14,729</u>	<u>-</u>	<u>14,729</u>	<u>74,047</u>	<u>(39,316)</u>	<u>34,731</u>
FINANCING ACTIVITIES						
Dividend paid	-	(11,833)	(11,833)	-	(6,479)	(6,479)
Prior years income tax recovered from GAZT as per refund notice	-	1,370	1,370	-	-	-
Net cash used in financing activities	<u>-</u>	<u>(10,463)</u>	<u>(10,463)</u>	<u>-</u>	<u>(6,479)</u>	<u>(6,479)</u>
Net increase in cash and cash equivalents	<u>32,593</u>	<u>3,455</u>	<u>36,048</u>	<u>1,180</u>	<u>64</u>	<u>1,244</u>
Cash and cash equivalents at the beginning of the period	<u>26,314</u>	<u>357</u>	<u>26,671</u>	<u>18,907</u>	<u>126</u>	<u>19,033</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>58,907</u>	<u>3,812</u>	<u>62,719</u>	<u>20,087</u>	<u>190</u>	<u>20,277</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 statements of financial position, income, and cash flows were presented separately for insurance operations and shareholders operations which are now combined together to present one Company level interim statements of financial position, income and 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 interim 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 2 August 2018, corresponding to 20 Dhu al Qa'adah 1439H.