

Solidarity Bahrain B.S.C.
(Formerly Al Ahlia Insurance Company B.S.C.)

Condensed interim financial information
for the period ended 31 March 2018

Solidarity Bahrain B.S.C. (Formerly Al Ahlia Insurance Company B.S.C.)

**Condensed interim financial information
for the period ended 31 March 2018**

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Solidarity Bahrain B.S.C. (Formerly Al Ahlia Insurance Company B.S.C.)

General information

Commercial registration 5091 obtained on 17 August 1976

Board of Directors

Tawfeeq Shehab Chairman of the Board and member of Audit Committee and Chairman of Nomination & Remuneration Committee (Independent Non-Executive Director)

Ashraf Bseisu Vice Chairman of the Board, Chairman of the Executive Committee and Member of the Nomination & Remuneration Committee (Executive Director)

Dr. Nadhem Al Saleh Board Member, Chairman of Audit & Risk Committee, member of Corporate Governance Committee and member of Nomination & Remuneration Committee (Independent Non-Executive Director)

Sharif Ahmadi Board Member, Chairman of Corporate Governance Committee member of Nomination & Remuneration Committee and member of the Executive Committee (Independent Non-Executive Director)

Venkatesan Muniswamy Board Member and member of the Executive Committee (Executive Director)

Abhijit Singh Board member and member of the Executive Committee (Executive Director)

Bashar Sameer Nass Board member and member of Audit Committee (Non-Independent Non-Executive Director)- **Effective 19 February 2018**

Executive Committee

Ashraf Bseisu - Chairman
Sharif Ahmadi
Venkatesan Muniswamy
Abhijit Singh

Audit and Risk Committee

Nadhem Al Saleh - Chairman
Tawfeeq Shehab
Bashar Sameer Nass

Nomination and Remuneration Committee

Tawfeeq Shehab – Chairman
Sharif Ahmadi
Nadhem Al Saleh
Ashraf Bseisu

Solidarity Bahrain B.S.C. (Formerly Al Ahlia Insurance Company B.S.C.)

General information (continued)

Corporate Governance Committee

Mr. Sharif Ahmadi – Chairman
Dr. Nadhem Al Saleh
Dr. Osama Bahar – Member of the Sharia Supervisory Board

Sharia Supervisory Board

Shaikh Dr. Abdul Satar Abughuddah
Shaikh Mohsin Shaikh A. Hussain Al
Asfoor
Shaikh Dr. Osama Bahar

Chairman of Sharia Supervisory Board
Member of Sharia Supervisory Board
Member of Sharia Supervisory Board and Member of Corporate
Governance Committee

Management

Sayed Jawad Mohammed
S. Veerapandian
Nandakumar Duraiswamy
Jai Prakash Pandey
Mohammed Awachi
Yaser Al Hammadi
Sanjeev Aggarwal

Chief Executive Officer
Deputy General Manager (until 31 March 2018)
Chief Technical Officer
Chief Business Development Officer
Head of Corporate Support
Head of Compliance and Risk Management & MLRO
Head of Finance

Address

4th Floor
Chamber of Commerce Building
PO Box 5282
Manama – Kingdom of Bahrain
Telephone: 17585222
Fax: 17585200

Principal Bankers

Ithmaar Bank, Kingdom of Bahrain
Ahli United Bank, Kingdom of Bahrain

Auditors

Deloitte & Touche – Middle East
P.O. Box 421
Manama, Kingdom of Bahrain

Actuary

Lux Actuaries and Consultants
PO Box 50912 – Manama, Kingdom of Bahrain

Shares registrar

Bahrain Clear, Kingdom of Bahrain

INDEPENDENT AUDITOR'S REVIEW REPORT

To the Shareholders
Solidarity Bahrain B.S.C. (Formerly Al Ahlia Insurance Company B.S.C.)
Kingdom of Bahrain

Introduction

We have reviewed the accompanying condensed interim financial information of Solidarity Bahrain B.S.C. (formerly Al Ahlia Insurance Company B.S.C.) (the "Company") which comprises the condensed interim statement of financial position as at March 31, 2018 and the related condensed interim statements of income and participants' revenue and expenses, participants' surplus and deficit, changes in shareholders' equity, and cash flows for the three month period then ended, and a summary of significant accounting policies and other explanatory notes. The Directors of the Company are responsible for the preparation and fair presentation of this condensed interim financial information in accordance with Financial Accounting Standards issued by Accounting and Auditing Organisation for Islamic Financial Institutions. Our responsibility is to express a conclusion on this condensed interim 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." A review of condensed 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 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 condensed interim financial information has not been properly prepared, in all material respects, in accordance with Financial Accounting Standards issued by Accounting and Auditing Organisation for Islamic Financial Institutions.

Deloitte & Touche,

DELOITTE & TOUCHE – MIDDLE EAST
Partner Registration No. 157
Manama, Kingdom of Bahrain

May 13, 2018

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

In thousands of Bahraini Dinars

The condensed interim financial information was approved and authorised for issue on May 13, 2018 and signed on behalf of the Board by:

Ashraf Bseisu
Vice Chairman

Jawad Mohammed
Chief Executive Officer

Notes 1 to 21 form an integral part of the condensed interim financial information.

Solidarity Bahrain B.S.C. (Formerly Al Ahlia Insurance Company B.S.C.)

CONDENSED INTERIM STATEMENT OF INCOME AND PARTICIPANTS' REVENUES AND EXPENSES

For the period ended 31 March 2018 (unaudited)

In thousands of Bahraini Dinars

Note	General Takaful fund		Family Takaful fund		Conventional Insurance (Run-off) fund		Shareholders' fund		Total	
	Three months ended 31 March 2018	31 March 2017	Three months ended 31 March 2018	31 March 2017	Three months ended 31 March 2018	31 March 2017	Three months ended 31 March 2018	31 March 2017	Three months ended 31 March 2018	31 March 2017
Takaful revenues										
Gross contributions/premium	7,363	-	198	-	(12)	4,137	-	-	7,549	4,137
Retakaful contributions/premium	(3,319)	-	(135)	-	25	(2,192)	-	-	(3,429)	(2,192)
Retained contributions/premium	4,044	-	63	-	13	1,945	-	-	4,120	1,945
Movement in unearned contributions/premium, net	(1,799)	-	-	-	1,265	(266)	-	-	(534)	(266)
Net contributions/premium earned	2,245	-	63	-	1,278	1,679	-	-	3,586	1,679
Net commission earned/(incurred)	283	-	-	-	(2)	(59)	-	-	281	(59)
Profit commission and other income	75	-	-	-	45	84	-	-	120	84
Total takaful/conventional revenues	2,603	-	63	-	1,321	1,704	-	-	3,987	1,704
Takaful expenses										
Gross claims paid	(1,736)	-	-	-	(1,947)	(1,265)	-	-	(3,683)	(1,265)
Claims recovered from retakaful/reinsurance and other parties	88	-	-	-	756	447	-	-	844	447
Net claims paid	(1,648)	-	-	-	(1,191)	(818)	-	-	(2,839)	(818)
Movement in outstanding claims – gross	(215)	-	(68)	-	1,016	(1,010)	-	-	733	(1,010)
Movement in outstanding claims – retakaful/reinsurance	305	-	68	-	(1,110)	251	-	-	(737)	251
Net claims incurred	(1,558)	-	(79)	-	(1,285)	(1,577)	-	-	(2,843)	(1,577)
Transfer to family takaful technical reserve	-	-	-	-	-	-	-	-	(79)	-
Total takaful/conventional expenses	(1,558)	-	(79)	-	(1,285)	(1,577)	-	-	(2,922)	(1,577)
Technical surplus/(deficit)	1,045	-	(16)	-	36	127	-	-	1,065	127
Wakala fee	(1,031)	-	(48)	-	-	-	-	-	(1,079)	-
Surplus/(deficit) from takaful/conventional operations	14	-	(64)	-	36	127	-	-	(14)	127
Wakala fee	-	-	-	-	-	-	1,079	-	1,079	-
Investment income, net	28	-	25	-	-	-	510	509	563	509
Technical profit transferred from conventional insurance (run-off) fund	-	-	-	-	(36)	(127)	36	127	-	-
Mudarib share and other income	-	-	-	-	-	-	18	5	18	5
Employee costs	-	-	-	-	-	-	(545)	(278)	(545)	(278)
Commission expenses incurred	-	-	-	-	-	-	(237)	-	(237)	-
Other operating expenses	-	-	-	-	-	-	(286)	(108)	(286)	(108)
Provision for doubtful receivables, net	-	-	-	-	-	-	(11)	-	(11)	-
Net profit and surplus/(deficit) for the period	42	-	(39)	-	-	-	564	255	567	255
Basic and diluted earnings per share							4.7 fils	4.1 fils		

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The Company's license was converted to Takaful effective 3 December 2017 followed by the transfer of business, assets and liabilities from Solidarity General Takaful B.S.C. (c). Therefore, the results of General Takaful and Family Takaful funds represent the three months' Takaful operations for the period ended 31 March 2018. The conventional insurance (run-off) fund represents the three months results of run-off portfolio for the period ended 31 March 2018. The results of shareholders' fund consist of Takaful operations as well as the results of the conventional operations for the three months period ended 31 March 2018. Accordingly, the comparative information for the corresponding period is not comparable.

The condensed interim financial information was approved and authorised for issue on May 13, 2018 and signed on behalf of the Board by:

Tawfeeq Shehab
Chairman

Ashraf Bseisu
Vice Chairman

Jawad Mohammed
Chief Executive Officer

Notes 1 to 21 form an integral part of the condensed interim financial information.

CONDENSED INTERIM STATEMENT OF PARTICIPANTS' SURPLUS AND DEFICIT

For the period ended 31 March 2018

In thousands of Bahraini Dinars

2018

At 1 January (audited)
Surplus/(deficit) for the period

At 31 March (unaudited)

Accumulated deficit	
General Takaful	Family Takaful
(2,213)	20
42	(39)
(2,171)	(19)

Notes 1 to 21 form an integral part of the condensed interim financial information.

Solidarity Bahrain B.S.C. (Formerly Al Ahlia Insurance Company B.S.C.)

CONDENSED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the period ended 31 March 2018

In thousands of Bahraini Dinars

2018

	Share capital	Treasury shares	Statutory reserve	Share premium	Property revaluation reserve	Investment fair value reserve	Retained earnings	Total
At 1 January (audited)	11,189	(4)	2,420	4,993	747	1,553	2,610	23,508
Bonus shares issued during the period	811	-	-	(811)	-	-	-	-
Profit for the period	-	-	-	-	-	-	564	564
Change in fair value of investments	-	-	-	-	-	127	-	127
At 31 March (unaudited)	12,000	(4)	2,420	4,182	747	1,680	3,174	24,199

2017

	Share capital	Treasury shares	Statutory reserve	Property revaluation reserve	Investment fair value reserve	Retained earnings	Total
At 1 January (audited)	6,189	(4)	2,410	747	1,498	2,524	13,364
Profit for the period	-	-	-	-	-	255	255
Change in fair value of investments	-	-	-	-	1	-	1
At 31 March (unaudited)	6,189	(4)	2,410	747	1,499	2,779	13,620

Notes 1 to 21 form an integral part of the condensed interim financial information.

CONDENSED INTERIM STATEMENT OF CASH FLOWS**For the period ended 31 March 2018**

In thousands of Bahraini Dinars

	Note	31 March 2018 (unaudited)	31 March 2017 (unaudited)
OPERATING ACTIVITIES			
Combined profit & surplus for the period		567	255
<i>Adjustments for non-cash items:</i>			
Depreciation charge		18	6
Provision for employees end of service benefits		(3)	4
Investment income		(563)	(603)
Net loss arising on financial assets at fair value through profit or loss		-	78
Provision for doubtful receivables, net	6	11	-
Amortisation during the period, net	5	4	-
Operating cash flows before working capital changes		34	(260)
<i>Changes in operating assets and liabilities:</i>			
(Increase)/decrease in takaful and insurance receivables		(1,436)	27
Decrease/(increase) in retakaful and reinsurance share of technical liabilities		1,042	(338)
(Increase)/decrease in deferred acquisition costs		(61)	36
(Increase)/decrease in prepayments and other assets		(669)	21
(Decrease)/increase in takaful and insurance technical liabilities		(503)	1,363
(Decrease)/increase in unearned commission reserves		(17)	39
Increase in family takaful technical reserves		38	-
Increase/(decrease) in takaful and insurance liabilities		1,242	(157)
Decrease/(increase) in other liabilities		160	(277)
Working capital changes		(204)	714
Payment towards employees end of service benefits		(63)	-
Net cash (used in)/generated from operating activities		(233)	454
INVESTING ACTIVITIES			
Purchase of equipment		(81)	(1)
Purchase of investments	5	(758)	(3,672)
Placements with financial institutions		(7,528)	-
Proceeds from disposal of investment in securities	5	335	4,500
Redemption of placements with financial institutions		5,634	-
Income earned from investments in deposits, placements and investments, net		563	287
Net cash (used in)/generated from investing activities		(1,835)	1,114
Net (decrease)/increase in cash and cash equivalents		(2,068)	1,568
Cash and cash equivalents at the beginning of the period		5,311	10,440
Cash and cash equivalents at the end of the period		3,243	12,008
Shareholders' fund		1,804	12,008
Participants' fund		1,047	-
Conventional insurance (run-off) fund		392	-
Cash and cash equivalents at the end of the period		3,243	12,008

Non-cash transactions:

The issue of bonus shares from share premium has been excluded from the statement of cash flows being, a non-cash transaction.

Notes 1 to 21 form an integral part of the condensed interim financial information.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the period ended 31 March 2018

In thousands of Bahraini Dinars

1 GENERAL INFORMATION

Solidarity Bahrain B.S.C. (Formerly Al Ahlia Insurance Company B.S.C.) ("the Company") is a public shareholding company incorporated in the Kingdom of Bahrain under commercial registration number 5091 obtained on 17 August 1976. The majority shareholder of the Company is Solidarity Group Holding B.S.C. (c) (the "Parent Company").

The Parent Company acquired 71.46% of the total issued and paid up ordinary shares of the Company on 27 December 2016, via a voluntary conditional offer. During 2017, the shareholders of the Company and Solidarity General Takaful B.S.C. (c) ("SGT"), a wholly owned subsidiary of the Parent Company resolved to approve the transfer of business, assets and liabilities from SGT to the Company through a share swap transaction. The Shareholders of the Company held an Extraordinary General Meeting on 3 August 2017 and approved the conversion of the Company's business from conventional insurance to Takaful insurance. The Board of Directors appointed a Shari'a Supervisory Board for overseeing the compliance with Shari'a. The pre-existing conventional portfolio was accordingly put under run-off.

On 3 December 2017, Solidarity General Takaful B.S.C. (c) ("SGT") transferred its business, assets and liabilities to Al Ahlia Insurance Company B.S.C. ("AAIC"). Subsequently, on 27 December 2017, AAIC changed its name to Solidarity Bahrain B.S.C.

The Company is licensed by the Central Bank of Bahrain ("CBB") to carry out the following principal activities:

- (i) developing and providing protection covers for property, engineering, general accident, liability, marine cargo, marine hull, aviation, medical, group life, motor, level term assurance and decreasing term assurance; and
- (ii) management of general takaful and family takaful funds in accordance with the Islamic Shari'a principles. The Company on behalf of the participants of the fund manages these funds.

The Company's general takaful funds comprise of all protection covers except decreasing term assurance and level term assurance which are part of family takaful fund.

2 BASIS OF PREPARATION

Effective 3 December 2017, the Company adopted Financial Accounting Standards ("FAS") issued by the Accounting and Auditing Organisation for Islamic Financial Institutions ("AAOIFI"). Accordingly, the condensed interim financial information has been prepared in accordance with FAS issued by the AAOIFI, with the corresponding figures for the three-month period ended 31 March 2017 prepared in accordance with International Financial Reporting standards ('IFRS'). In line with the requirement of AAOIFI and the CBB Rule Book Volume 3, for matters that are not covered by AAOIFI standards, the Company uses guidance from the relevant IFRS. Accordingly, the interim financial information has been presented in condensed form in accordance with International Accounting Standard 34 – Interim Financial Reporting, which permits the interim financial statements to be in summarised form and do not include all of the information required for full annual financial statements. The condensed interim financial information does not include all of the information required for full annual financial statements and should be read in conjunction with the audited financial statements of the Company for the year ended 31 December 2017.

3 ACCOUNTING POLICIES

The accounting policies have been consistently applied by the Company and the condensed interim financial information has been prepared using the same accounting policies and methods of computation applied in the preparation of the latest audited financial statements of the Company for the year ended 31 December 2017.

4 CYCLICAL VARIABILITY

The interim results may not represent a proportionate share of the annual profits due to cyclical variability in contributions and uncertainty of claims occurrences.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the period ended 31 March 2018

In thousands of Bahraini Dinars

5 INVESTMENTS

	31 March 2018 (unaudited)	31 December 2017 (audited)
Debt type instruments		
Amortised cost:		
Quoted instruments	13,558	13,139
Equity type instruments		
Fair value through equity:		
Quoted instruments	2,809	2,682
Unquoted instruments	1,654	1,654
	18,021	17,475

5.1 The movement in investments carried at amortised cost is as follows:

	31 March 2018 (unaudited)	31 December 2017 (audited)
At the beginning of the period/year	13,139	-
Transferred from SGT	-	8,853
Additions during the period/year	758	7,641
Disposals during the period/year	(335)	(3,342)
Amortisation during the period/year, net	(4)	(13)
	13,558	13,139
At the end of the period/year		

5.2 The movement in investments carried at fair value through equity is as follows:

	31 March 2018 (unaudited)	31 December 2017 (audited)
At the beginning of the period/year	4,336	6,593
Transferred from SGT	-	1,983
Additions during the period/year	-	440
Disposals during the period/year	-	(4,735)
Change in fair value, net	127	55
	4,463	4,336
At the end of the period/year		

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION**For the period ended 31 March 2018**

In thousands of Bahraini Dinars

5 INVESTMENTS (CONTINUED)

5.3 Investments carried at fair value through equity are broken down as follows:

	31 March 2018 (unaudited)	31 December 2017 (audited)
Quoted equity instruments	2,809	2,682
Unquoted equity instruments	1,654	1,654
	4,463	4,336

6 TAKAFUL AND INSURANCE RECEIVABLES

	31 March 2018 (unaudited)	31 December 2017 (audited)
Due from:		
Participants and policyholders	4,602	3,638
Brokers	2,253	1,599
Takaful and insurance companies in relation to subrogation	4,317	4,545
Takaful and insurance companies	1,447	1,401
	12,619	11,183
Less: provision for doubtful receivables	(1,006)	(995)
	11,613	10,188

Included in the above takaful and insurance receivables are BD 4.001 million (2017: BD 5.017 million) that held under conventional insurance run-off fund.

6.1 The movement in provision for doubtful receivables on Takaful and insurance receivables is as follows:

	31 March 2018 (unaudited)	31 December 2017 (audited)
At the beginning of the period/year	995	458
Transferred from SGT	-	526
Charge for the period/year	11	11
At the end of the period/year	1,006	995

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the period ended 31 March 2018

In thousands of Bahraini Dinars

6 TAKAFUL AND INSURANCE RECEIVABLES (CONTINUED)

6.2 The aging of unimpaired Takaful and insurance receivables is as follows:

	Past due but not impaired			
	Neither past due nor impaired	181 to 365 days	More than 365 days	Total
31 March 2018 (unaudited)	6,155	2,028	3,430	11,613
31 December 2017 (audited)	4,646	2,449	3,093	10,188

7 TAKAFUL AND INSURANCE TECHNICAL LIABILITIES AND RETAKAFUL AND REINSURANCE SHARE OF TECHNICAL LIABILITIES

	31 March 2018 (unaudited)		31 December 2017 (audited)	
	Takaful insurance	Conventional insurance	Takaful insurance	Conventional insurance
Gross				
Unearned contributions	11,477	3,076	8,774	5,548
Outstanding claims	8,379	8,329	8,097	9,345
	19,856	11,405	16,871	14,893
Retakaful				
Retakaful share of unearned contributions	(5,018)	(1,782)	(4,116)	(2,989)
Retakaful share of outstanding claims	(3,910)	(3,239)	(3,536)	(4,350)
	(8,928)	(5,021)	(7,652)	(7,339)
Net				
Unearned contributions	6,459	1,294	4,658	2,559
Outstanding claims	4,469	5,090	4,561	4,995
	10,928	6,384	9,219	7,554

8 DEFERRED ACQUISITION COSTS AND UNEARNED COMMISSION RESERVES

8.1 Deferred acquisition costs

	31 March 2018 (unaudited)		31 December 2017 (audited)	
	Shareholder Fund	Conventional insurance	Shareholder Fund	Conventional insurance
At the beginning of the period/year	402	209	-	380
Transferred from SGT	-	-	376	-
Commissions paid during the period/ year	399	(97)	100	471
Commission expense incurred during the period/year	(237)	(4)	(74)	(642)
At the end of the period/year	564	108	402	209

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION**For the period ended 31 March 2018**

In thousands of Bahraini Dinars

8 DEFERRED ACQUISITION COSTS AND UNEARNED COMMISSION RESERVES (CONTINUED)**8.2 Unearned commission reserves**

	31 March 2018 (unaudited)		31 December 2017 (audited)	
	Takaful insurance	Conventional insurance	Takaful insurance	Conventional insurance
At the beginning of the period/year	324	206	-	392
Transferred from SGT	-	-	285	-
Commissions received during the period/year	357	5	125	419
Commissions earned during the period/year	(283)	(96)	(86)	(605)
At the end of the period/year	398	115	324	206

9 TAKAFUL PARTICIPANTS' ASSETS AND LIABILITIES – UNDER RUN OFF MANAGEMENT

In accordance with the approval from Central Bank of Bahrain, the shareholders of the SGT assumed assets and liabilities of Solidarity Family Takaful Participants Fund as at 1 July 2012 to manage the run-off of the fund and was accordingly transferred to the Company as part of the transfer of business, assets and liabilities from SGT. The Company did not accept any new risk relating to run-off portfolio and surplus and deficit pertaining to assets and liabilities under run-off management are recorded within the fund balance at each reporting date.

The Parent company has committed to compensate the Company for any adverse development in the run-off of the fund. Therefore, the Company has no material financial or takaful risk on assets and liabilities under run-off management.

	31 March 2018 (unaudited)	31 December 2017 (audited)
Cash and bank balances	117	119
Other investments	144	211
Intercompany balances	42	-
Total assets under run-off management	303	330
	31 March 2018 (unaudited)	31 December 2017 (audited)
Unearned contribution and mortality reserves	33	33
Takaful and other payables	33	62
Unit linked reserve	198	195
	264	290
Participants' surplus assets over liabilities	39	40
Total liabilities under run-off management	303	330

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the period ended 31 March 2018

In thousands of Bahraini Dinars

10 FAMILY TAKAFUL TECHNICAL RESERVE

	31 March 2018 (unaudited)	31 December 2017 (audited)
At the beginning of the period/year	3,578	-
Transferred from SGT	-	3,427
Refund paid during the period/year	(41)	(4)
Net increase during the period/year	79	155
At the end of the period/year	3,616	3,578

11 TAKAFUL AND INSURANCE PAYABLES

	31 March 2018 (unaudited)	31 December 2017 (audited)
Due to participants and policyholders	1,100	1,316
Due to Takaful and insurance companies	4,102	2,625
Due to garages	778	796
	5,980	4,737

Included in the above takaful and insurance payables are BD 1.4 million (2017: BD 1.7 million) that are held under conventional insurance run-off fund.

12 SHARE CAPITAL

12.1 Authorised

	Number of shares (thousands)	Share capital
Authorised shares of 150,000,000 at BD 0.100 each (2017: 120,000,000 shares of BD 0.100 each)	150,000	15,000

12.2 Issued and fully paid

	Number of shares (thousands)	Share capital
Issued and fully paid shares of 120,000,000 at BD 0.100 each (2017: 111,886,000 shares of BD 0.100 each)	120,000	12,000

The share capital of the Company is denominated in BD and these shares are traded on Bahrain Bourse in BD.

On 29 March 2018 the Board of Directors held an extra-ordinary general meeting and resolved to increase the authorized share capital of the Company from BD 12 million to BD 15 million. Moreover, the Board of Directors have also resolved to increase the Company's issued and paid up share capital from BD 11.18 million to BD 12 million through the issue of bonus shares. The Company is currently in the process of obtaining necessary approvals from the CBB for amending its Memorandum and Articles of Association to incorporate the above changes.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the period ended 31 March 2018

In thousands of Bahraini Dinars

12 SHARE CAPITAL (CONTINUED)

12.3 Treasury shares

The Company owned its own shares amounting to BD 4 thousand at 31 March 2018 (2017: BD 4 thousand). The shares are held as treasury shares and the Company has the right to reissue these shares at a later date.

13 BASIC AND DILUTED EARNINGS PER SHARE

	31 March 2018 (unaudited)	31 March 2017 (unaudited)
Net profit for the period	564	255
Weighted average number of shares outstanding	119,950,219	61,840,217
Basic and diluted earnings per 100 fils share	4.7 Fils	4.1 fils

The earnings per share has been computed on the basis of net profit for the period divided by the weighted average number of shares outstanding for the period, net of treasury shares.

14 WAKALA FEE

The Company receives Wakala fee for administration of the takaful funds on behalf of the participants in accordance with the contracts of the respective takaful funds. The maximum chargeable Wakala fee which has been certified by Actuary and approved by the Shari'a Supervisory Board is 22.00% (2017: Nil) for the general Takaful fund and 25.00% (2017: Nil) for family Takaful fund of the overall gross contributions. The actual Wakala fees charged for the period ended 31 March 2018 is 14.00% (2017: Nil) for general Takaful fund and 24.24% (2017: Nil) for family Takaful fund.

15 INVESTMENT INCOME, NET

	31 March 2018 (unaudited)	31 March 2017 (unaudited)
Income from placements	123	19
Income from debt instruments	152	14
Income from equity instruments	317	476
Investment management expenses	(11)	-
Net investment income	581	509
Mudarib share*	(18)	-
	563	509
Shareholders' investment income	510	509
General takaful investment income	28	-
Family takaful investment income	25	-
	563	509

**Mudarib share*

The shareholders manage the participants' investments and charges 25% (2017: 25%) of the investment income earned by takaful funds as mudarib share, as approved by the Shari'a Supervisory Board. Mudarib share has been included in shareholders statement of income.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION**For the period ended 31 March 2018**

In thousands of Bahraini Dinars

16 RELATED PARTIES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties include the significant shareholder and entities over which the Company and the shareholder exercises significant influence, directors and executive management of the Company.

16.1 Transactions with key management personnel

Key management personnel of the Company comprise of the Board of Directors and key members of management having authority and responsibility for planning, directing and controlling the activities of the Company. No remuneration is paid to the Board of Directors of the Company during the period (2017: nil). Sitting fees paid to the members of the Committees of the Board of Directors amounting BD 11 thousand (2017: BD 11 thousand) and salaries and benefits paid to key members of management amounting to BD 45 thousand (2017: BD 13 thousand). End of service benefits due to key management personnel as at 31 March 2018 amounting to BD 102 thousand (2017: BD 103 thousand).

16.2 Transactions and balances with related parties**a) Transactions with related parties***Gross contributions:*

Entities under common control

Retakaful contributions:

Entities under common control

31 March 2018 (unaudited)	31 March 2017 (unaudited)
399	-
4	-

b) Balances*Payables:*

Entities under common control

Placements with financial institutions:

Entities under common control

Receivables:

Parent company

Entities under common control

Claims outstanding:

Entities under common control

Cash and cash equivalents:

Entities under common control

31 March 2018 (unaudited)	31 December 2017 (audited)
12	80
3,805	4,369
109	93
32	2
764	730
1,040	1,565

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

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17 SEGMENTAL INFORMATION

The Company makes operating decisions on a combined basis for general takaful, family takaful and conventional insurance run-off fund. Management monitors the underwriting results and performance of the Company using the following business segments:

- Non-motor which includes fire, marine, general accident, liability and engineering lines of business
- Motor
- Medical
- Group Life which includes group life and credit life business
- Family Takaful which includes long term decreasing term and level term business

Management monitors the underwriting results of the operating segments separately for the purpose of making decisions on the resource allocation and performance assessment. Segment performance is evaluated based on underwriting profit. The table overleaf presents the segment revenues, measurement of segment profit for the period and their reconciliation to the total income and profit for the period of the Company.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the period ended 31 March 2018

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17 SEGMENTAL INFORMATION (CONTINUED)

	31 March 2018 (unaudited)						31 March 2017 (unaudited)					
	Non-Motor (*)	Motor	Medical	Group Life	Family Takaful	Total	Non-Motor (*)	Motor	Medical	Group Life	Family Takaful	Total
REVENUE												
Gross contributions/premium	1,308	2,458	3,120	465	198	7,549	639	1,863	1,544	91	-	4,137
Retakaful contributions/premium	(1,124)	(80)	(1,623)	(467)	(135)	(3,429)	(561)	(122)	(1,434)	(75)	-	(2,192)
Retained contributions/premium	184	2,378	1,497	(2)	63	4,120	78	1,741	110	16	-	1,945
Movement in unearned contributions/premium, net	(90)	254	(703)	5	-	(534)	(18)	(263)	31	(16)	-	(266)
Net contributions/premium earned	94	2,632	794	3	63	3,586	60	1,478	141	-	-	1,679
Commission income/(expense)	206	6	4	151	-	367	94	(67)	(8)	(3)	-	16
Movement in unearned commission, net	(8)	(35)	(21)	(22)	-	(86)	(16)	-	(52)	(7)	-	(75)
Profit commission and other income	29	27	64	-	-	120	-	23	47	14	-	84
Net commission earned/(incurred)	227	(2)	47	129	-	401	78	(44)	(13)	4	-	25
Total revenues	321	2,630	841	132	63	3,987	138	1,434	128	4	-	1,704

(*) Non - motor includes fire, marine, aviation, general accident, liability and engineering.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the period ended 31 March 2018

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17 SEGMENTAL INFORMATION (CONTINUED)

	31 March 2018 (unaudited)						31 March 2017 (unaudited)					
	Non-Motor (*)	Motor	Medical	Group Life	Family Takaful	Total	Non-Motor (*)	Motor	Medical	Group Life	Family Takaful	Total
EXPENSES												
Gross claims paid	717	2,294	530	142	-	3,683	115	854	296	-	-	1,265
Claims recovered from retakaful/reinsurance and others	(668)	(18)	(77)	(81)	-	(844)	(91)	(149)	(207)	-	-	(447)
Net claims paid	49	2,276	453	61	-	2,839	24	705	89	-	-	818
Movement in outstanding claims – gross	(602)	(284)	86	(1)	68	(733)	197	808	-	6	-	1,010
Movement in outstanding claims – retakaful	666	96	37	6	(68)	737	(196)	(43)	(8)	(5)	-	(251)
Net claims incurred/(recovered)	113	2,088	576	66	-	2,843	25	1,470	81	1	-	1,577
Transfer to Family Takaful technical reserve	-	-	-	-	(79)	(79)	-	-	-	-	-	-
Technical surplus	208	542	265	66	(16)	1,065	113	(36)	47	3	-	127

(*) Non - motor includes fire, marine, aviation, general accident, liability and engineering.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION**For the period ended 31 March 2018**

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18 FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or broker price quotations. For all other financial instruments, the Company determines fair values using other valuation techniques.

Fair value hierarchy

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

Level 2: Inputs other than quoted prices included with in level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted market prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The table below analyses financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the values recognised in the statement of financial position. All fair value measurements below are recurring:

	Level 1	Level 2	Level 3	Total
31 March 2018 (unaudited)				
Investments at fair value	2,809	-	1,654	4,463
	2,809	-	1,654	4,463
31 December 2017 (audited)				
Investments at fair value	2,682	-	1,654	4,336
	2,682	-	1,654	4,336

No transfers out of, or into, the level 3 measurement classification occurred during the period ended 31 March 2018 (31 December 2017: Nil).

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

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18 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

The table below sets out the Company's classification of each class of financial assets and liabilities, and their fair values:

31 March 2018 (unaudited)	Fair value through equity	Held-to-maturity	Loans and receivables	Total carrying value	Fair value
Cash and cash equivalents	-	-	3,243	3,243	3,243
Placements with financial institutions	-	-	15,112	15,112	15,112
Investments	4,463	13,558	-	18,021	17,947
Takaful and insurance receivables	-	-	11,613	11,613	11,613
Retakaful and reinsurance share of technical liabilities	-	-	13,949	13,949	13,949
Deferred acquisition cost	-	-	672	672	672
Prepayments and other assets	-	-	2,250	2,250	2,250
Total financial assets	4,463	13,558	46,839	64,860	64,786
Takaful and insurance technical liabilities	-	-	31,261	31,261	31,261
Takaful and insurance payables	-	-	5,979	5,979	5,979
Other liabilities	-	-	3,542	3,542	3,542
Total financial liabilities	-	-	40,782	40,782	40,782

31 December 2017 (audited)	Fair value through equity	Held-to-maturity	Loans and receivables	Total carrying value	Fair value
Cash and cash equivalents	-	-	5,311	5,311	5,311
Placements with financial institutions	-	-	13,218	13,218	13,218
Investments	4,336	13,139	-	17,475	17,441
Takaful and insurance receivables	-	-	10,188	10,188	10,188
Retakaful and reinsurance share of technical liabilities	-	-	14,991	14,991	14,991
Deferred acquisition cost	-	-	611	611	611
Prepayments and other assets	-	-	615	615	615
Total financial assets	4,336	13,139	44,934	62,409	62,375
Takaful and insurance technical liabilities	-	-	31,764	31,764	31,764
Takaful and insurance payables	-	-	4,737	4,737	4,737
Other liabilities	-	-	2,393	2,393	2,393
Total financial liabilities	-	-	38,894	38,894	38,894

The book value of the Company's financial instruments except investments were deemed to approximate fair value due to the immediate or short term maturities of those financial instruments.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the period ended 31 March 2018

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19 CONTINGENT LIABILITIES AND COMMITMENTS

The Company is a defendant in a number of cases brought by policy holders in respect of claims which the Company disputes. While it is not possible to predict the eventual outcome of such legal actions, the management has made provisions which, in their opinion, are adequate. There are no commitments as at the statement of financial position date (31 December 2017: BD Nil).

20 SUBSEQUENT EVENTS

There were no significant events subsequent to 31 March 2018 and occurring before the date of signing of the financial statements that would have a significant impact on these financial statements.

21 COMPARATIVES

As disclosed in Note 1, the Company's license was converted to Takaful during December 2017 followed by the transfer of business, assets and liabilities from SGT. The results of General Takaful and Family Takaful funds (as disclosed on page 6) represent the three months Takaful operation for the period ended 31 March 2018. The conventional insurance (under run-off) fund represents the results for the three months period ended 31 March 2018 pertaining to the conventional policies issued prior to the conversion. The results of shareholders' fund consist of Takaful operations as well as the results of the conventional operations for the three months period ended 31 March 2018. Accordingly, the comparative information is not comparable.

Certain prior period figures have been reclassified to conform to the current period presentation. This did not affect the financial position or results for the period.