

**ALINMA TOKIO MARINE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

**INTERIM CONDENSED FINANCIAL STATEMENTS (Unaudited)
AND
INDEPENDENT AUDITORS' REVIEW REPORT**

FOR THE THREE MONTHS AND NINE MONTHS PERIODS ENDED 30 SEPTEMBER 2022

ALINMA TOKIO MARINE COMPANY
(A SAUDI JOINT STOCK COMPANY)

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REVIEW REPORT
FOR THE THREE MONTHS AND NINE MONTHS PERIODS ENDED 30 SEPTEMBER 2022

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**Crowe**

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Certified Accountants And Auditors

INDEPENDENT AUDITORS' REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL INFORMATION
THE SHAREHOLDERS OF ALINMA TOKIO MARINE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTRODUCTION

We have reviewed the accompanying interim condensed statement of financial position of Alinma Tokio Marine Company (the "Company") as at 30th September 2022 and the related interim condensed statements of income, comprehensive income for the three-month and nine month periods then ended and interim condensed statement of changes in equity and cash flows for the nine-month period then ended and other explanatory notes (the "interim condensed financial information"). Management is responsible for the preparation and presentation of this interim condensed financial information in accordance with International Accounting Standard 34 - "Interim Financial Reporting" ("IAS 34") that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on this interim condensed financial information based on our review.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagement ("ISRE") 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 condensed 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 ("ISAs") 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 information is not prepared, in all material respects, in accordance with IAS 34 that is endorsed in the Kingdom of Saudi Arabia.

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6 November 2022 G
12 Rabi' Al-thani 1444 AH



ALINMA TOKIO MARINE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
As at 30 September 2022

	Note	30-Sep-22 Unaudited SAR' 000	31-Dec-21 Audited SAR' 000
ASSETS			
Cash and cash equivalents	4	135,264	248,314
Investments	5	99,609	42,814
Murabaha deposits		50,489	-
Premiums and reinsurance receivables, net	6	140,225	72,977
Reinsurers' share of unearned premiums	7.1	173,319	103,695
Reinsurers' share of outstanding claims	7.2	41,973	23,047
Reinsurers' share of incurred but not reported claims	7.2	20,048	21,875
Deferred policy acquisition costs		14,620	9,708
Prepayments and other assets		20,956	11,399
Statutory deposit		45,000	45,000
Property and equipment		1,712	3,153
Right of use assets		2,878	3,821
Intangible assets		6,058	5,384
Unit linked investments		98,658	85,653
Due from a related party	8	-	36
TOTAL ASSETS		850,809	676,876
LIABILITIES			
Outstanding claims	7.2	76,676	54,164
Incurred but not reported claims	7.2	39,752	42,981
Other reserves	7.2	3,269	3,321
Premium deficiency reserves	7.2	3,621	5,510
Unearned premiums	7.1	247,928	157,161
Reinsurance balances payable		108,827	66,593
Unearned reinsurance commission		17,436	10,483
Accrued expenses and other liabilities		47,881	45,891
Lease liabilities		2,554	3,889
Zakat and income tax payable	9	4,933	6,699
Unit linked liabilities		98,658	85,653
Mathematical reserves		1,219	1,604
Retirement benefit obligation		5,953	6,018
TOTAL LIABILITIES		658,707	489,967
EQUITY			
Issued, authorised and paid up share capital	10	300,000	300,000
Accumulated losses		(108,328)	(112,830)
Remeasurement of retirement benefit obligation		430	(261)
TOTAL EQUITY		192,102	186,909
TOTAL LIABILITIES AND EQUITY		850,809	676,876
CONTINGENCIES AND COMMITMENTS			

The accompanying notes 1 to 17 form an integral part of these interim condensed financial statements.


Director


Chief Financial Officer


Chief Executive Officer

INTERIM CONDENSED STATEMENT OF INCOME (Unaudited)

For the three months and nine months periods ended 30 September 2022

	Note	Three months period ended 30 September 2022	Nine months period ended 30 September 2022	Three months period ended 30 September 2021	Nine months period ended 30 September 2021
		SAR' 000		SAR' 000	
REVENUES					
Gross premiums written	14	89,941	346,567	67,414	245,974
Fee income from insurance contracts		18	62	11	32
Reinsurance premiums ceded					
- Local		(1,061)	(5,278)	(1,332)	(4,297)
- Foreign		(45,159)	(176,578)	(25,568)	(115,835)
Excess of loss expenses		(1,837)	(5,863)	(1,760)	(6,223)
Net premiums written		41,902	158,910	38,765	119,651
Changes in unearned premiums	7.1	2,222	(90,767)	827	(40,360)
Changes in reinsurers' share of unearned premiums	7.1	3,061	69,624	(3,113)	22,993
Net premiums earned		47,185	137,767	36,479	102,284
Reinsurance commission earned		6,034	15,743	4,428	15,327
Other underwriting income		4,157	9,669	17	5,593
Total revenues		57,376	163,179	40,924	123,204
UNDERWRITING COSTS AND EXPENSES					
Gross claims paid		(24,335)	(74,246)	(24,794)	(63,759)
Surrenders		(4,290)	(12,091)	(4,749)	(10,013)
Reinsurers' share of claims paid		3,535	13,433	8,947	22,806
Net claims and other benefits paid		(25,090)	(72,904)	(20,596)	(50,966)
Changes in outstanding claims	7.2	453	(22,512)	2,089	4,957
Changes in reinsurers' share of outstanding claims	7.2	588	18,926	(283)	(9,360)
Changes in incurred but not reported claims	7.2	(4,498)	3,229	3,714	6,797
Changes in reinsurers' share of incurred but not reported claims	7.2	1,667	(1,827)	(3,426)	(5,081)
Changes in other reserves	7.2	(120)	52	141	11
Changes in premium deficiency reserves	7.2	1,358	1,889	101	1,284
Net claims and other benefits incurred		(25,642)	(73,147)	(18,260)	(52,358)
Changes in unit linked reserves		(4,523)	(13,005)	(8,419)	(26,556)
Changes in mathematical reserves		193	385	29	104
Policy acquisition costs		(9,814)	(27,914)	(6,850)	(18,786)
Other underwriting expenses		(465)	(1,737)	(330)	(1,209)
Total underwriting costs and expenses		(40,251)	(115,418)	(33,830)	(98,805)
NET UNDERWRITING INCOME		17,125	47,761	7,094	24,399
OTHER OPERATING (EXPENSES) / INCOME					
General and administrative expenses	6	(19,143)	(53,854)	(14,749)	(46,217)
Provision for doubtful receivables		345	3,650	33	(3,793)
Unrealized gain/(loss) on unit linked investments		3,887	4,195	3,561	14,293
Unrealized gain on investments		764	1,973	(185)	1,702
Realized gain on investments		802	2,494	415	2,513
Total other operating expenses, net		(13,345)	(41,542)	(10,925)	(31,502)
Total profit/(loss) for the period before Zakat		3,780	6,219	(3,831)	(7,103)
Net profit/loss attributable to Insurance Operations		-	-	-	-
Total profit/(loss) for the period attributable to Shareholders before Zakat		3,780	6,219	(3,831)	(7,103)
Zakat for the period	9	(550)	(1,717)	(759)	(2,277)
Profit/(loss) for the period		3,230	4,502	(4,590)	(9,380)
Profit/(loss) per share		0.11	0.15	(0.15)	(0.31)

The accompanying notes 1 to 17 form an integral part of these interim condensed financial statements.


Director


Chief Financial Officer


Chief Executive Officer

ALINMA TOKIO MARINE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME (Unaudited)
For the three months and nine months periods ended 30 September 2022

	Three months period ended 30 September 2022	Nine months period ended 30 September 2022	Three months period ended 30 September 2021	Nine months period ended 30 September 2021
	SAR' 000		SAR' 000	
Net (loss)/profit for the period	3,230	4,502	(4,590)	(9,380)
Other comprehensive loss:				
Items that will not be reclassified to statement of income in subsequent period				
- Actuarial gain/(loss) on remeasurement of retirement benefit obligations	(29)	691	(85)	(282)
Total comprehensive income/(loss) for the period	3,201	5,193	(4,675)	(9,662)
Total comprehensive income/(loss) for the period attributed to insurance operations	(29)	691	(85)	(282)
Total comprehensive income/(loss) for the period attributed to shareholders	3,230	4,502	(4,590)	(9,380)

The accompanying notes 1 to 17 form an integral part of these interim condensed financial statements.



Director



Chief Financial Officer



Chief Executive Officer

ALINMA TOKIO MARINE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (Unaudited)

For the nine months period ended 30 September 2022

	Note	Share capital	Accumulated losses	Remeasurement of retirement benefit obligation	Total
		SAR'000	SAR'000	SAR'000	SAR'000
2022					
Balance as at 31 December 2021 (audited)	10	300,000	(112,830)	(261)	186,909
Total comprehensive profit for the period		-	4,502	-	4,502
Actuarial gain on remeasurement of retirement benefit obligations		-	-	691	691
Balance as at 30 September 2022 (unaudited)		300,000	(108,328)	430	192,102
2021					
Balance as at 31 December 2020 (audited)	10	300,000	(98,427)	190	201,763
Total comprehensive (loss) for the period		-	(9,380)	-	(9,380)
Actuarial loss on remeasurement of retirement benefit obligations		-	-	(282)	(282)
Balance as at 30 September 2021 (unaudited)		300,000	(107,807)	(92)	192,101

The accompanying notes 1 to 17 form an integral part of these interim condensed financial statements.



Director



Chief Financial Officer



Chief Executive Officer

ALINMA TOKIO MARINE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF CASH FLOWS (Unaudited)
For the nine months period ended 30 September 2022

	Note	2022	2021
		SAR' 000	
CASH FLOWS FROM OPERATING ACTIVITIES			
Net (loss)/profit for the period		4,502	(9,380)
Adjustments for non cash items:			
Depreciation and amortisation		2,138	2,080
Depreciation of right to use assets		943	943
Financing cost on lease liabilities		100	139
Provision for doubtful receivables	5	(3,650)	3,793
Realized gain on investments held at FVSI		171	(471)
Unrealized (gain) / loss on investments held at FVSI	5.2	(1,355)	(1,539)
Provision for retirement benefit obligations		1,183	1,026
Provision for zakat		1,717	2,277
		5,749	(1,132)
Changes in operating assets and liabilities:			
Premiums and reinsurance receivables		(63,596)	(30,513)
Reinsurers' share of unearned premiums		(69,624)	(22,993)
Reinsurers' share of outstanding claims		(18,926)	9,360
Reinsurers' share of incurred but not reported claims		1,827	5,081
Deferred policy acquisition costs		(4,912)	(3,762)
Prepayments and other assets		(9,557)	3,597
Unit linked investments		(13,005)	(26,556)
Outstanding claims		22,512	(4,957)
Incurred but not reported claims		(3,229)	(6,797)
Other reserves		(52)	(11)
Premium deficiency reserves		(1,889)	(1,284)
Mathematical reserves		(385)	(104)
Unearned premiums		90,767	40,360
Reinsurance balances payable		42,234	4,253
Unearned reinsurance commission		6,953	1,017
Accrued expenses and other liabilities		1,990	3,273
Lease liabilities		(1,435)	(410)
Due to/from a related party		36	40
Unit linked liabilities		13,005	26,556
Cash generated from / (used in) operations		(1,539)	(4,982)
Retirement benefit obligations paid		(557)	(1,243)
Zakat and income tax paid		(3,483)	(3,591)
Net cash generated from/(used) in operating activities		(5,579)	(9,816)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investments	5.2	(184,299)	(141,000)
Proceeds from disposal of investments	5.2	157,879	106,000
Purchase of property and equipment		(1,371)	(357)
Right to use assets		-	(606)
Purchase of murabaha deposits		(79,680)	-
Net cash (used in)/generated from investing activities		(107,471)	(35,963)
Net cash (used in)/generated from all activities		(113,050)	(45,779)
Cash and cash equivalents at the beginning of the period		248,314	235,480
Cash and cash equivalents at the end of the period	4	135,264	189,701
Non cash transactions			
Actuarial gain/(loss) on remeasurement of retirement benefit obligations		691	(282)

The accompanying notes 1 to 17 form an integral part of these interim condensed financial statements.


Director


Chief Financial Officer


Chief Executive Officer

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTHS AND NINE MONTHS PERIODS ENDED 30 SEPTEMBER 2022

1 GENERAL

Alinma Tokio Marine Company ("the Company") is a Saudi Joint Stock Company incorporated in the Kingdom of Saudi Arabia as per Ministry of Commerce and Industry's Resolution number 309/Q dated 19 Rajab 1433H (corresponding to 9 June 2012). The Commercial Registration number of the Company is 7001727200, dated 28 Rajab 1433H (corresponding to 18 June 2012). The Company is listed on the Saudi Arabian Stock Exchange ("Tadawul") since 24 June 2012. The Registered address of the Company's head office is as follows:

King Fahad Road
P.O. Box 643
Riyadh 11421
Kingdom of Saudi Arabia.

The Company is licensed to conduct insurance business in the Kingdom of Saudi Arabia under cooperative principles in accordance with Royal Decree No. 25/M, dated 3 Jumada-Al Thani 1430H (corresponding to 27 June 2009), pursuant to the Council of Ministers' Resolution No. 140 dated 2 Jumada-Al Thani 1430H (corresponding to 26 June 2009).

The objectives of the Company is to transact in cooperative insurance operations and all related activities in accordance with its By Laws and applicable regulations in the Kingdom of Saudi Arabia.

2 BASIS OF PREPARATION

2.1 Statement of Compliance

The interim condensed financial statements of the Company as at and for the period ended September 30, 2022 have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting ("IAS 34") as endorsed in the Kingdom of Saudi Arabia (KSA) by Saudi Organization for Chartered and Professional Accountants (SOCPA), other standards and pronouncements issued by SOCPA, regulations for Companies and Company's by laws.

In accordance with Article 70 of the Saudi Central Bank (SAMA) Implementing Regulations, as per the Articles of Association of the Company, the Company maintains separate accounts for both insurance operations and shareholders' operations. It distributes the net annual insurance surplus as set forth in the Company's Articles of Association and the insurance policy in terms of cooperative insurance. The customer (insurance policy) is valid and paid to date at the time of payment of the cooperative distribution amount.

The interim condensed financial statements have been prepared under the going concern basis and the historical cost convention, except for the measurement at fair value of investment held as FVSI. The Company's interim condensed statement of financial position is not presented using a current/non-current classification. However, the following balances would generally be classified as non-current: Property and Equipment, Intangible Assets, Unit linked Investments, Statutory Deposit, Murabaha Deposits maturing over one year, Available for sale investments, Held to maturity investments and Retirement benefit obligations. All other financial statement line items would generally be classified as current.

The Company presents its interim condensed statement of financial position in order of liquidity. As required by the Saudi Arabian Insurance Regulations, the Company maintains separate books of accounts for Insurance Operations and Shareholders' Operations and present same supplementary information in the financial statements (note 13). Assets, liabilities, revenues and expenses clearly attributable to either activity are recorded in the respective accounts. The basis of allocation of expenses from joint operations is determined and approved by the management and the Board of Directors.

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

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

The accumulated losses as at 30 September 2022 are 34.45% (31 December 2021: 37.61%) of the share capital. The reason for these losses is high expense ratio and deterioration in loss ratio. The Board of Directors has approved a business plan on 15th December 2021. The plan is based on improving the net premiums written and control over expense and loss ratios. The plan demonstrates that the Company will be able to continue as a going concern for foreseeable future.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTHS AND NINE MONTHS PERIODS ENDED 30 SEPTEMBER 2022

2 BASIS OF PREPARATION (Continued)

2.2 Critical accounting judgement, estimates and assumptions

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

In preparing these interim condensed financial statements, the significant judgments made by management in applying the accounting policies and the key sources of estimation uncertainty including the risk management policies were the same as those that applied to the annual financial statements for the year ended 31 December 2021.

2.3 Functional and presentation currency

The interim condensed financial statements have been prepared in Saudi Arabian Riyals (SAR), which is also the functional currency of the Company. All financial information presented in SAR has been rounded off to the nearest thousand, unless otherwise stated.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies, estimates and assumptions used in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2021, except for the new standards and adoption of the amendments to existing standards which have had either insignificant effect or no financial impact on the interim condensed financial statements of the Company on the current period or prior periods and are expected to have a insignificant effect in future period.

3.1 Deferred Tax

Deferred tax asset is recognised only to the extent that it is probable that the future taxable profits will be available and credits can be utilized. Deferred tax asset has not been provided in these interim condensed financial statements for the period ended 30 September 2022 since the Company does not anticipate availability of future taxable profit to utilize any tax credits. The amount of deferred tax asset as at 30 September 2022 is estimated to be SAR 2.4 Million (31 December 2021: SAR 2.5 Million).

3.2 Standards issued but not yet effective

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Company has decided not to adopt early. The most significant of these are as follows:

IFRS	Summary	Effective date
IFRS 9	Financial Instruments	See note below
IFRS 17	Insurance contracts	See note below

IFRS 17 Insurance Contracts

Overview

This standard has been published on May 18, 2017, it establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 – Insurance contracts.

The new standard applies to insurance contracts issued, to all reinsurance contracts and to investment contracts with discretionary participating features provided the entity also issues insurance contracts. It requires to separate the following components from insurance contracts:

- embedded derivatives, if they meet certain specified criteria;
- distinct investment components; and
- any promise to transfer distinct goods or non-insurance services.

These components should be accounted for separately in accordance with the related standards (IFRS 9 and IFRS 15).

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

FOR THE THREE MONTHS AND NINE MONTHS PERIODS ENDED 30 SEPTEMBER 2022

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Standards issued but not yet effective (Continued)

IFRS 17 Insurance Contracts (Continued)

Measurement

In contrast to the requirements in IFRS 4, which permitted insurers to continue to use the accounting policies for measurement purposes that existed prior to January 2015, IFRS 17 provides the following different measurement models:

The General model is based on the following "building blocks":

a) the fulfilment cash flows (FCF), which comprise:

- i. probability-weighted estimates of future cash flows,
- ii. an adjustment to reflect the time value of money (i.e. discounting) and the financial risks associated with those future cash flows,
- iii. and a risk adjustment for non-financial risk;

b) the Contractual Service Margin (CSM). The CSM represents the unearned profit for a group of insurance contracts and will be recognized as the entity provides services in the future. The CSM cannot be negative at inception; any net negative amount of the fulfilment cash flows at inception will be recorded in profit or loss immediately. At the end of each subsequent reporting period the carrying amount of a group of insurance contracts is remeasured to be the sum of:

- i. the liability for remaining coverage, which comprises the FCF related to future services and the CSM of the group at that date;
- ii. and the liability for incurred claims, which is measured as the FCF related to past services allocated to the group at that date.

The CSM is adjusted subsequently for changes in cash flows related to future services but the CSM cannot be negative, so changes in future cash flows that are greater than the remaining CSM are recognized in profit or loss. Interest is also accreted on the CSM at rates locked in at initial recognition of a contract (i.e. discount rate used at inception to determine the present value of the estimated cash flows). Moreover, the CSM will be released into profit or loss based on coverage units, reflecting the quantity of the benefits provided and the expected coverage duration of the remaining contracts in the group.

The Variable Fee Approach (VFA) is a mandatory model for measuring contracts with direct participation features (also referred to as 'direct participating contracts'). This assessment of whether the contract meets these criteria is made at inception of the contract and not reassessed subsequently. For these contracts, the CSM is also adjusted for in addition to adjustment under general model;

- i. changes in the entity's share of the fair value of underlying items,
- ii. changes in the effect of the time value of money and financial risks not relating to the underlying items.

In addition, a simplified Premium Allocation Approach (PAA) is permitted for the measurement of the liability for the remaining coverage if it provides a measurement that is not materially different from the general model or if the coverage period for each contract in the group is one year or less. With the PAA, the liability for remaining coverage corresponds to premiums received at initial recognition less insurance acquisition cash flows. The general model remains applicable for the measurement of incurred claims. However, the entity is not required to adjust future cash flows for the time value of money and the effect of financial risk if those cash flows are expected to be paid/received in one year or less from the date the claims are incurred.

Effective date

The IASB issued an Exposure Draft Amendments to IFRS 17 during June 2019 and received comments from various stakeholders. The IASB is currently re-deliberating issues raised by stakeholders. For any proposed amendments to IFRS 17, the IASB will follow its normal due process for standard-setting. The effective date of IFRS 17 and the deferral of the IFRS 9 temporary exemption in IFRS 4, is currently January 1, 2023. Earlier application is permitted if both IFRS 15 – Revenue from Contracts with Customers and IFRS 9 – Financial Instruments have also been applied. The Company intend to apply the standard on its effective date.

Transition

Retrospective application is required. However, if full retrospective application for a group of insurance contracts is impracticable, then the entity is required to choose either a modified retrospective approach or a fair value approach.

Presentation and Disclosures

The Company expects that the new standard will result in a change to the accounting policies for insurance contracts together with amendments to presentation and disclosures.

Impact

The Company is currently assessing the impact of the application and implementation of IFRS 17. As of the date of the publication of these financial statements, the financial impact of adopting the standard has yet to be fully assessed by the Company. The Company expects a material impact on measurement and disclosure of insurance and cession that will affect both the statement of income and the statement of financial position.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

FOR THE THREE MONTHS AND NINE MONTHS PERIODS ENDED 30 SEPTEMBER 2022

3 SIGNIFICANT ACCOUNTING POLICIES (Continued) 3.2 Standards issued but not yet effective (Continued) IFRS 17 Insurance Contracts (Continued)

Impact area	Summary of Impact
Financial impact	The Company has ascertained the financial impact on reported balances of year 2018. As the Company's most of insurance contracts are short-termed and short tailed entitling for premium allocation approach (PAA) which is largely similar to current account practice, no significant impact is expected. The Company has also successfully finalized the reassessment of 2020 results as part of the 1st Dry-Run orchestrated by the regulator and submitted on 30 November 2021 to SAMA. Based on the conducted simulation, the financial impact of applying IFRS 17 compared to IFRS 4 was also not significant. The Company will solidify its view on the financial impact while completing the 2nd and 3rd dry-runs, planned before the end of 2022.
Data impact	IFRS 17 has additional data requirements (e.g. premium due date for initial recognition, premium receipt data for the LFRIC, RI contracts held breakdown in to risk attaching or loss incurring for assessing contract boundaries, lower granularity to meet level of aggregation requirements and data for additional disclosures as per IFRS 17). Further extensive exercise has carried out to ensure the required data is available. No major data deficiencies or shortfalls were reported during the completion of the 1st dry-run simulation.
IT systems impact	Detailed assessment has been carried out of existing systems capabilities for IFRS 17 calculations, storage and reporting and whether new systems / calculation engines should be implemented. The tool has been implemented successfully and used for processing and extracting the simulated results for the 1st dry-run. In coordination with the Company's appointed advisor and appointed actuary, the Steering Committee is actively working to close any identified gaps before the due date of the 2nd dry-run simulation.
Process impact	The Company has carried out an operational impact assessment exercise to assess the operational impact of implementing IFRS 17. Since, majority of the company's contracts would be measured under the premium allocation approach, the process impact is expected to be moderate. No major process impact was reported during the completion of the 1st dry-run simulation.
Impact on Reinsurance arrangements	Further assessment has carried out to confirm measurement approach for reinsurance arrangements where RI gross premium ceded does not automatically qualify for PAA.
Impact on policies and control frameworks	The Company's policies and procedures needs update to accommodate the changes in the Company's processes and systems related to IFRS 17 implementation. Detailed exercise for the purpose has been carried out after ascertaining financial and operational gaps assessment.

As of the date of the publication of these financial statements, The Company is performing 2nd dry run using 2021 data which will be submitted to SAMA during the current year.

The Company is currently in design phase of IFRS 17 implementation which requires developing and designing new processes and procedures for the business including any system developments required under IFRS 17 and detailed assessment of business requirements. Following are the main areas under design phase and status of the progress is as follows:

Major areas of design phase	Summary of progress
Governance and control framework	The Company has put in place a comprehensive IFRS 17 governance program which includes establishing oversight steering committee for monitoring the progress of implementation and assigning roles and responsibilities to various stakeholders.
Operational area	The Company is in progress of designing operational aspects of the design phase which includes establishing comprehensive data policy and data dictionary. Also the Company is finalizing architectural designs for various sub-systems. The Company has progressed through assessment of business requirements and currently working on vendor selection while finalizing various process needed for transition and assessment of new resources needed.
Technical and financial area	The Company has completed various policy papers encompassing various technical and financial matters after concluding on policy decisions required under the IFRS 17 standard. The policy decisions are taken after due deliberations among various stakeholders. Currently majority of policy papers have been approved by the Company's IFRS 17 project steering committee.
Assurance plan	The Company is working along with other stakeholders to finalize the assurance plan for transitional and post-implementation periods.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

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3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Standards issued but not yet effective (Continued)

IFRS 9 – Financial Instruments

This standard was published on July 24, 2014 and has replaced IAS 39. The new standard addresses the following items related to financial instruments:

Classification and measurement

IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss. A financial asset is measured at amortized cost if both:

- i. the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows and
- ii. the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding ("SPPI").

Assets not meeting either of these categories are measured at fair value through profit or loss. Additionally, at initial recognition, an entity can use the option to designate a financial asset at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch.

For equity instruments that are not held for trading, an entity can also make an irrevocable election to present in other comprehensive income subsequent changes in the fair value of the instruments (including realized gains and losses), dividends being recognized in profit or loss.

Additionally, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss.

Impairment

The impairment model under IFRS 9 reflects expected credit losses, as opposed to incurred credit losses under IAS 39. Under the IFRS 9 approach, it is no longer necessary for a credit event to have occurred before credit losses are recognized. Instead, an entity always accounts for expected credit losses and changes in those expected credit losses. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition.

Hedge accounting

IFRS 9 introduces new requirements for hedge accounting that align hedge accounting more closely with Risk Management. The requirements establish a more principles-based approach to the general hedge accounting model. The amendments apply to all hedge accounting with the exception of portfolio fair value hedges of interest rate risk (commonly referred to as "fair value macro hedges"). For these, an entity may continue to apply the hedge accounting requirements currently in IAS 39. This exception was granted largely because the IASB is addressing macro hedge accounting as a separate project.

Effective date

The published effective date of IFRS 9 was January 1, 2018. However, amendments to IFRS 4 – Insurance Contracts: Applying IFRS 9 – Financial Instruments with IFRS 4 – Insurance Contracts, published on September 12, 2016, changes the existing IFRS 4 to allow entities issuing insurance contracts within the scope of IFRS 4 to mitigate certain effects of applying IFRS 9 before the IASB's new insurance contract standard (IFRS 17 – Insurance Contracts) becomes effective. The amendments introduce two alternative options:

- a) apply a temporary exemption from implementing IFRS 9 until the earlier of
 - i. the effective date of a new insurance contract standard; or
 - ii. annual reporting periods beginning on or after January 1, 2021. The IASB is proposing to extend the effective date of IFRS 17 and the IFRS 9 temporary exemption in IFRS 4 to January 1, 2022. Additional disclosures related to financial assets are required during the deferral period. This option is only available to entities whose activities are predominately connected with insurance and have not applied IFRS 9 previously; or
- b) adopt IFRS 9 but, for designated financial assets, remove from profit or loss the effects of some of the accounting mismatches that may occur before the new insurance contract standard is implemented. During the interim period, additional disclosures are required.

The Company has performed a detailed assessment beginning Jan 01, 2017: (1) The carrying amount of the Company's liabilities arising from contracts within the scope of IFRS 4 (including deposit components or embedded derivatives unbundled from insurance contracts) were compared to the total carrying amount of all its liabilities; and (2) the total carrying amount of the company's liabilities connected with insurance were compared to the total carrying amount of all its liabilities. Based on these assessments the Company determined that it is eligible for the temporary exemption. Consequently, the Company has decided to defer the implementation of IFRS 9 until the effective date of the new insurance contracts standard. Disclosures related to financial assets required during the deferral period are included in the Company's financial statements.

As at September 30, 2022, the Company has total financial assets and insurance related assets amounting to SAR 529 million and SAR 250 million, respectively. Currently, financial assets held at amortized cost consist of cash and cash equivalents and certain other receivables amounting to SAR 135 million (2021: SAR 248 million). Fair value of unit linked investments held at fair value through statement of income as at September 30, 2022 is SAR 98 million (2021: SAR 86 million). Other financial assets consist of available for sale investments amounting to SAR 6.9 million (2021: SAR 2 million). The Company expect to use the FVOCI classification of these financial assets based on the business model of the Company for debt securities and strategic nature of equity investments. However, the Company is yet to perform a detailed assessment to determine whether the debt securities meet the SPPI test as required by IFRS 9. Investment in funds classified under available for sale investments will be at FVSI under IFRS 9. As at September 30, 2022 these debt securities are measured at fair value of SAR 58 million with changes in fair value during the period of SAR 1.2 million.

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4 CASH AND CASH EQUIVALENTS

	As at 30 September 2022 (Unaudited)			As at 31 December 2021 (Audited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	SAR'000			SAR'000		
Cash in hand	45	-	45	45	-	45
Cash at banks – current accounts	36,929	15,042	51,971	133,169	115,100	248,269
Short term murabaha deposit	83,248	-	83,248	-	-	-
Total	120,222	15,042	135,264	133,214	115,100	248,314

Cash at bank includes an amount of SAR 56.5 million (2021: SAR 230.9 million) held with Alinma Bank, a related party (Note 8).

Short term murabaha deposits are placed with local banks that have investment grade ratings and have an original maturity of not more than three months from the date of acquisition.

5 INVESTMENTS

This represents investment in Najm for Insurance Services Company (classified as available for sale), equity shares, Shari'ah compliant mutual funds, discretionary portfolios and real estate fund (classified as investment at fair value through statement of income "FVSI") and sukuk (classified as held to maturity investments).

	As at 30 September 2022 (Unaudited)			As at 31 December 2021 (Audited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	SAR'000			SAR'000		
Available for sale investments	-	1,923	1,923	-	1,923	1,923
Investments at fair value through Statement of income (FVSI)	1,353	57,136	58,489	131	30,760	30,891
Investments at held to maturity	19,197	20,000	39,197	-	10,000	10,000
Total	20,550	79,059	99,609	131	42,683	42,814

5.1 Available for sale investments

	As at 30 September 2022 (Unaudited)			As at 31 December 2021 (Audited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	SAR'000			SAR'000		
Balance at the end	-	1,923	1,923	-	1,923	1,923

The investment is carried at cost. Management considers that carrying amount is a reasonable approximation of fair value.

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5 INVESTMENTS (continued)

5.2 Investments at fair value through statement of income (FVSI)

	As at 30 September 2022 (Unaudited)			As at 31 December 2021 (Audited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	SAR'000			SAR'000		
Balance at the beginning	131	30,760	30,891	727	31,806	32,533
Purchases	77,869	106,430	184,299	141,000	-	141,000
Disposals	(77,000)	(80,879)	(157,879)	(142,500)	(2,448)	(144,948)
Realised gain	109	(280)	(171)	904	1,498	2,402
Unrealised gain	244	1,105	1,349	-	(96)	(96)
Balance at the end	1,353	57,136	58,489	131	30,760	30,891

5.3 Investments at held to maturity

	As at 30 September 2022 (Unaudited)			As at 31 December 2021 (Audited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	SAR'000			SAR'000		
Balance at the beginning	-	10,000	10,000	-	15,000	15,000
Subscription	19,191	10,000	29,191	-	(5,000)	(5,000)
Amortization gain	6	-	6	-	-	-
Balance at the end	19,197	20,000	39,197	-	10,000	10,000

Investments held to maturity have an average profit rate of 4.85% per annum (2021: 5.10% per annum) for shareholders' operations and a yield of 3.68% for policyholders' operations.

Management considers that carrying amount is a reasonable approximation of fair value.

5.4 Determination of fair value and fair value hierarchy

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. Underlying the definition of fair value there is a presumption that an enterprise is a going concern without any intention or need to liquidate, curtail materially the scale of operations or undertake a transaction on adverse terms. The Company's financial assets consist of cash and cash equivalents, premiums and reinsurance receivables, Murabaha deposits, reinsurance share of unearned premium, deferred policy acquisition cost, reinsurance share of outstanding claims, reinsurance share of incurred but not reported claims, reinsurance share of other reserves, investments and its financial liabilities consist of reinsurance balance payables, unearned premium, unearned commission income, outstanding claims, incurred but not reported claims, other reserves, premium deficiency reserve. The fair values of financial assets and liabilities are not materially different from their carrying values at the interim condensed statement of financial position date.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
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5 INVESTMENTS (continued)

5.4 Determination of fair value and fair value hierarchy (continued)

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

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

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

Shareholders' operations

	As at 30 September 2022 (Unaudited)			
	Level 1	Level 2	Level 3	Total
	SAR'000			
Available for sale investments				
- Investments in unquoted equity	-	-	1,923	1,923
Investments at fair value through statement of income				
- Investments in discretionary portfolios	15,234	-	-	15,234
- Investments in real estate fund	4,611	6,238	-	10,849
- Investments in Murabaha and Sukuk Fund	31,053	-	-	31,053
Investments at held to maturity				
- Sukuks	-	20,000	-	20,000
Total	50,898	26,238	1,923	79,059

	As at 31 December 2021 (Audited)			
	Level 1	Level 2	Level 3	Total
	SAR'000			
Available for sale investments				
- Investments in unquoted equity	-	-	1,923	1,923
Investments at fair value through statement of income				
- Investments in discretionary portfolios	19,259	-	-	19,259
- Investments in real estate funds	-	6,264	5,237	11,501
- Investments in quoted equity	-	-	-	-
Investments at held to maturity				
- Sukuks	-	10,000	-	10,000
Total	19,259	16,264	7,160	42,683

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
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6 PREMIUMS AND REINSURANCE RECEIVABLES - NET

<i>Insurance Operations</i>	As at 30 September 2022 (Unaudited) SAR'000	As at 31 December 2021 (Audited) SAR'000
Policyholders	133,754	76,644
Related party (Note 8)	16,314	3,507
Reinsurance receivables	24,263	31,898
	174,331	112,049
Provision for doubtful receivables	(34,106)	(39,072)
	140,225	72,977

7 TECHNICAL RESERVES

7.1 MOVEMENT IN UNEARNED PREMIUMS

	As at 30 September 2022 (Unaudited)			As at 31 December 2021 (Audited)		
	Gross	Reinsurers' share	Net	Gross	Reinsurers' share	Net
	SAR'000			SAR'000		
Balance at the beginning	157,161	(103,695)	53,466	133,049	(96,511)	36,538
Premium written / (ceded)	346,567	(181,856)	164,711	305,554	(146,784)	158,770
Policy fee	62	-	62	44	-	44
Premium earned	(255,862)	112,232	(143,630)	(281,486)	139,600	(141,886)
Balance at the end	247,928	(173,319)	74,609	157,161	(103,695)	53,466

7.2 NET OUTSTANDING CLAIMS AND RESERVES

	As at 30 September 2022 (Unaudited) SAR'000	As at 31 December 2021 (Audited) SAR'000
Outstanding claims	81,979	57,521
Less: Realizable value of salvage and subrogation	(5,303)	(3,357)
	76,676	54,164
Incurred but not reported claims	39,752	42,981
Other reserves	3,269	3,321
Premium deficiency reserves	3,621	5,510
	123,318	105,976
Less:		
Reinsurers' share of outstanding claims	(41,973)	(23,047)
Reinsurers' share of Incurred but not reported claims	(20,048)	(21,875)
	(62,021)	(44,922)
Net outstanding claims and reserves	61,297	61,054

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7 TECHNICAL RESERVES (continued)

7.3 PREMIUM DEFICIENCY RESERVE

The Company has created a provision in respect of premium deficiency reserves ('PDR') for its motor line of business amounting to SAR 3.6 million (31 December 2021: motor SAR 5.5 million). The Company expected this provision is based on the assumption that the unearned premiums will not be sufficient to provide for the expected claims and other attributable expenses related to the unexpired periods of policies in force at the date of statement of financial position.

8 TRANSACTIONS WITH RELATED PARTIES

In the ordinary course of business, the Company transacts with related parties. Transactions with related parties are carried out on an arm's length basis.

Related parties represent major shareholders, directors and key management personnel of the Company, and companies of which they are principal owners and any other entities controlled, jointly controlled or significantly influenced by them. Pricing policies and terms of these transactions are approved by the Company's management and Board of Directors. In addition to the notes 4 and 6, following are the details of major related party transactions during and the related balances at the end of the period:

Nature of transactions	For the three months period ended 30 September 2022 (Unaudited)			For the three months period ended 30 September 2021 (Unaudited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	SAR'000			SAR'000		
<u>Shareholders:</u>						
Gross written premiums	8,518	-	8,518	9,275	-	9,275
Reinsurance premiums ceded	1,717	-	1,717	2,038	-	2,038
Claims paid - net of recoveries	3,773	-	3,773	7,398	-	7,398
Reinsurance commission	487	-	487	553	-	553
Reinsurance share of claims	83	-	83	320	-	320
General and administrative expenses	224	-	224	496	-	496
Commission	736	18	754	882	-	882
<u>Other Related parties:</u>						
Investments	9,178	-	9,178	12,111	-	12,111
<u>Nature of transactions</u>						
	For the nine months period ended 30 September 2022 (Unaudited)			For the nine months period ended 30 September 2021 (Unaudited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	SAR'000			SAR'000		
<u>Shareholders:</u>						
Gross written premiums	44,133	-	44,133	32,426	-	32,426
Reinsurance premiums ceded	6,064	-	6,064	8,439	-	8,439
Claims paid - net of recoveries	17,330	-	17,330	17,927	-	17,927
Reinsurance commission	1,721	-	1,721	2,284	-	2,284
Reinsurance share of claims	498	-	498	564	-	564
General and administrative expenses	673	56	729	773	-	773
Commission	2,387	-	2,387	2,607	-	2,607
<u>Other Related parties:</u>						
Investments	135,740	134,437	270,177	30,144	-	30,144
<u>Closing Balances</u>						
	As at 30 September 2022 (Unaudited)			As at 31 December 2021 (Audited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	SAR'000			SAR'000		
<u>Shareholders:</u>						
Premium Receivable	16,314	-	16,314	3,507	-	3,507
Reinsurance premiums payable	7,075	-	7,075	12,838	-	12,838
Claims payable	65	-	65	917	-	917
Bank Balance	41,494	15,042	56,536	115,784	115,099	230,883
General and administrative expenses	-	-	-	-	-	-
Commission	2,364	-	2,364	625	-	625

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8 TRANSACTIONS WITH RELATED PARTIES (Continued)

Closing Balances	As at 30 September 2022 (Unaudited)			As at 31 December 2021 (Audited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
<u>Other related parties</u>						
Investments	98,658	26,082	124,740	85,653	30,758	116,411
Other receivable	-	-	-	-	36	36

Information relating to key management personnel:

	For the three months period ended 30 September 2022 (Unaudited)			For the three months period ended 30 September 2021 (Unaudited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	SAR'000			SAR'000		
Short term benefits	1,092		1,092	868	-	868
Long term benefits	71		71	(209)	-	(209)
	For the nine months period ended 30 September 2022 (Unaudited)			For the nine months period ended 30 September 2021 (Unaudited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	SAR'000			SAR'000		
Short term benefits	3,210		3,210	2,629	-	2,629
Long term benefits	133		133	(139)	-	(139)

Short-term benefits include salaries and allowances whilst long term benefits include employees' retirement benefit obligations.

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Board and sub committees related expenses:

	For the three months period ended 30 September 2022 (Unaudited)			For the three months period ended 30 September 2021 (Unaudited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	SAR'000			SAR'000		
Directors' remuneration	-	425	425	-	502	502
Attendance fees	-	15	15	-	-	-

Board and sub committees related expenses:

	For the nine months period ended 30 September 2022 (Unaudited)			For the nine months period ended 30 September 2021 (Unaudited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	SAR'000			SAR'000		
Directors' remuneration	-	1,275	1,275	-	1,197	1,197
Attendance fees	-	144	144	-	125	125

Board and sub-committees attendance fees represent allowance for attending board and sub-committee meetings.

9 ZAKAT AND INCOME TAX PAYABLE

	As at 30 September 2022 (Unaudited)			As at 31 December 2021 (Audited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	SAR'000			SAR'000		
Zakat payable	-	4,933	4,933	-	6,699	6,699
Income tax payable	-	-	-	-	-	-
Zakat and Income tax payable	-	4,933	4,933	-	6,699	6,699

The difference between the accounting income and the adjusted net loss is mainly due to provisions which are not allowed in the calculation of adjustable net income. Local shareholding used for the Zakat calculation is 71.25%.

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9 ZAKAT AND INCOME TAX PAYABLE (Continued)

The movement in Zakat provision is as follows:

	As at 30 September 2022 (Unaudited)			As at 31 December 2021 (Audited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	SAR'000			SAR'000		
Balance at the beginning	-	6,699	6,699	-	6,879	6,879
Zakat charge	-	1,717	1,717	-	3,212	3,212
Additional charge for prior years	-	-	-	-	4	4
Zakat payment made	-	(3,483)	(3,483)	-	(3,396)	(3,396)
Balance at the end	-	4,933	4,933	-	6,699	6,699

Income tax:

Provision for income tax is required to be made at 20% of the adjusted net income attributable to the foreign shareholder of the Company. Foreign shareholder subject to income tax is 28.75%.

The movement in income tax provision is as follows:

	As at 30 September 2022 (Unaudited)			As at 31 December 2021 (Audited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	SAR'000			SAR'000		
Balance at the beginning	-	-	-	-	196	196
Reversal of prior year charge	-	-	-	-	-	-
Advance Income tax paid	-	-	-	-	(196)	(196)
Balance at the end	-	-	-	-	-	-

Status of Assessments:

Zakat and Withholding tax

During 2017, the Zakat, Tax and Customs Authority (ZATCA) has issued assessments for the years from 2012 to 2015, requiring an additional zakat and withholding tax liability amounting to SAR 5.5 million and SAR 2.9 million respectively. The Company filed an appeal against the assessment of ZATCA for the additional liability arising out of various disallowances for years from 2012 to 2015 within the statutory deadlines. Subsequently, the ZATCA issued their response on the above appeal whereby they requested the Company to forward their appeal at the General Secretariat of Tax Committee (GSTC). Subsequent to the GSTC hearings conducted, the Tax Violations and Dispute Resolution Committee (TVDR) has issued their ruling no. 315-2020-IFR dated 08/05/1442H on the appeals filed for 2012 to 2015. In Jan 2021, the Company has filed an appeal to the Appellate Committee (2nd level) against the unfavorable ruling of the TVDR on the imposition of Zakat on capital for 2012. Further, the Company has booked an additional zakat liability of SAR 3.3 million against the above disallowance. The Company has obtained limited certificates for the year from 2012 to 2018.

Value added tax (VAT)

The Company was assessed by the ZATCA and received their final assessment notice on 10 September 2020. The total assessment was SAR 10.2M which was made up of SAR 4.4M of VAT due to the ZATCA and SAR 5.8M of penalties. During the period the Company received rejection notices to the objection letters submitted to the ZATCA. The Company is now in the process of submitting appeals to the General Secretariat of Tax Committees on all the points that the ZATCA have rejected. The appeals have been submitted on 24 February 2021.

10 ISSUED, AUTHORISED AND PAID UP SHARE CAPITAL

The issued, authorised and paid up share capital of the Company was SAR 300 million as at 30 September 2022 (31 December 2021: SAR 300 million) consisting of 30 million shares (31 December 2021 : 30 million) of SAR 10 each.

Shareholding structure of the Company is as below. The shareholders of the Company are subject to zakat and income tax.

	As at 30 September 2022 (Unaudited)			As at 31 December 2021 (Audited)		
	No. of shares	Value per share	Share Capital SAR	No. of shares	Value per share	Share Capital SAR
Alinma Bank	8,625,000	10	86,250,000	8,625,000	10	86,250,000
Tokio Marine & Nichido Fire Insurance	8,625,000	10	86,250,000	8,625,000	10	86,250,000
Others	12,750,000	10	127,500,000	12,750,000	10	127,500,000
	30,000,000	10	300,000,000	30,000,000	10	300,000,000

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11 CONTINGENCIES AND COMMITMENT

As at 30 September 2022 the Company's banker has issued letters of guarantee of SAR 1.88 million (31 December 2021: SAR 1.88 million) to various customers, motor agencies, workshops and health service providers as per the terms of their respective agreements which have been classified under prepayments and other assets in the interim condensed statement of financial position. The Company has no capital commitments as at 30 September 2022.

Following table lists the legal proceedings in the ordinary course of business that the Company is subject to.

	2022	2021
	SAR'000	SAR'000
Claims related compensation	289,313	842

12 SEGMENT REPORTING

Operating segments are identified on the basis of internal reports about components of the Company that are regularly reviewed by the Company's Board of Directors in their function as chief operating decision maker in order to allocate resources to the segments and to assess its performance.

Transactions between the operating segments are on normal commercial terms and conditions. The revenue from external parties reported to the Board is measured in a manner consistent with that in the statement of income. Segment assets and liabilities comprise operating assets and liabilities.

Segment information is presented in respect of the Company's business segments which are fire, marine, general accident, engineering, motor and protection and savings based on the Company's management and internal reporting structure.

Operating segments do not include shareholders' operations of the Company.

Segment assets do not include cash and bank balances, investments, premiums and reinsurance receivables, due from shareholders' operations, prepayments and other assets and fixed assets.

Segment liabilities do not include reinsurance balance payable, accrued expenses and other liabilities and retirement benefit obligation.

Segment results do not include general and administrative expenses.

The unallocated assets and liabilities are reported to the Chief Executive Officer on a cumulative basis and not reported under the related segment.

Consistent with the Company's internal reporting process, operating segments have been approved by management in respect of the Company's activities, assets and liabilities. Information disclosed in the note is based on current reporting to the Chief Executive Officer.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTHS AND NINE MONTHS PERIODS ENDED 30 SEPTEMBER 2022

12 SEGMENT REPORTING (Continued)

	For the three months period ended 30 September 2022 (Unaudited)						Total
	Property and Casualty	Motor	Protection and savings	Medical	Total Insurance Operations	Shareholders' operations	
	SAR'000						
REVENUES							
Gross premiums written	52,555	20,545	14,769	2,072	89,941	-	89,941
Fee income from Insurance contracts	11	7	-	-	18	-	18
Reinsurance premiums ceded							
- Local	(1,061)	-	-	-	(1,061)	-	(1,061)
- Foreign	(41,427)	-	(3,732)	-	(45,159)	-	(45,159)
Excess of loss expenses	(1,414)	(423)	-	-	(1,837)	-	(1,837)
Net premiums written	8,664	20,129	11,037	2,072	41,902	-	41,902
Net change in unearned premiums	(629)	6,370	1,151	(1,609)	5,283	-	5,283
Net premiums earned	8,035	26,499	12,188	463	47,185	-	47,185
Reinsurance commission earned	6,034	-	-	-	6,034	-	6,034
Other underwriting income	2,052	25	-	2,080	4,157	-	4,157
Total insurance revenues	16,121	26,524	12,188	2,543	57,376	-	57,376
UNDERWRITING COSTS AND EXPENSES							
Net claims incurred	18	(17,351)	(8,149)	(160)	(25,642)	-	(25,642)
Changes in unit linked reserves	-	-	-	(4,523)	(4,523)	-	(4,523)
Changes in mathematical reserves	-	-	-	193	193	-	193
Policy acquisition costs	(4,514)	(2,966)	(2,334)	-	(9,814)	-	(9,814)
Other underwriting expenses	(257)	(103)	(74)	(31)	(465)	-	(465)
Total underwriting costs and expenses	(4,753)	(20,420)	(10,557)	(4,521)	(40,251)	-	(40,251)
NET UNDERWRITING INCOME	11,368	6,104	1,631	(1,978)	17,125	-	17,125
OTHER OPERATING (EXPENSES) / INCOME							
General and administrative expenses					(17,755)	(1,388)	(19,143)
Provision for doubtful receivables					345	-	345
Unrealized gain on unit linked investments					3,887	-	3,887
Unrealized gain on investments					502	262	764
Realized gain on investments					379	423	802
Total operating and other expenses					(12,642)	(703)	(13,345)
Total profit for the period before zakat					4,483	(703)	3,780
Zakat for the period							(550)
Net profit for the period							3,230

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTHS AND NINE MONTHS PERIODS ENDED 30 SEPTEMBER 2022

12 SEGMENT REPORTING (Continued)

	For the three months period ended 30 September 2021 (Unaudited)					
	Property and Casualty	Motor	Protection and savings	Medical	Total Insurance Operations	Shareholders' operations
	SAR'000					
REVENUES						
Gross premiums written	30,349	19,585	17,470	10	67,414	-
Fee income from Insurance contracts	11	-	-	-	11	-
Reinsurance premiums ceded						
- Local	(1,332)	-	-	-	(1,332)	-
- Foreign	(22,006)	-	(3,562)	-	(25,568)	-
Excess of loss expenses	(1,467)	(293)	-	-	(1,760)	-
Net premiums written	5,555	19,292	13,908	10	38,765	-
Net change in unearned premiums	(2,205)	(258)	156	21	(2,286)	-
Net premiums earned	3,350	19,034	14,064	31	36,479	-
Reinsurance commission earned	4,428	-	-	-	4,428	-
Other underwriting income	(5)	22	-	-	17	-
Total insurance revenues	7,773	19,056	14,064	31	40,924	-
UNDERWRITING COSTS AND EXPENSES						
Net claims incurred	8	(10,681)	(7,537)	(50)	(18,260)	-
Changes in unit linked reserves	-	-	(8,419)	-	(8,419)	-
Changes in mathematical reserves	-	-	29	-	29	-
Policy acquisition costs	(3,154)	(2,698)	(998)	-	(6,850)	-
Other underwriting expenses	(145)	(98)	(87)	-	(330)	-
Total underwriting costs and expenses	(3,291)	(13,477)	(17,012)	(50)	(33,830)	-
NET UNDERWRITING INCOME/(EXPENSE)	4,482	5,579	(2,948)	(19)	7,094	-
OTHER OPERATING (EXPENSES) / INCOME						
General and administrative expenses					(13,731)	(1,018)
Provision for doubtful receivables					33	-
Unrealized loss on unit linked investments					3,561	-
Unrealized gain on investments					300	(485)
Realized gain on investments					51	364
Total operating and other expenses					(9,786)	(1,139)
Total profit for the period before zakat					(2,692)	(1,139)
Zakat for the period						(759)
Net profit for the period						(4,590)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

FOR THE THREE MONTHS AND NINE MONTHS PERIODS ENDED 30 SEPTEMBER 2022

12 SEGMENT REPORTING (Continued)

	For the nine months period ended 30 September 2022 (Unaudited)					
	Property and Casualty	Motor	Protection and savings	Medical	Total Insurance Operations	Shareholders' operations
	SAR'000					
REVENUES						
Gross premiums written	194,061	87,199	62,231	3,076	346,567	-
Fee income from Insurance contracts	38	24	-	-	62	-
Reinsurance premiums ceded						
- Local	(5,278)	-	-	-	(5,278)	-
- Foreign	(158,479)	-	(18,099)	-	(176,578)	-
Excess of loss expenses	(4,600)	(1,263)	-	-	(5,863)	-
Net premiums written	25,742	85,960	44,132	3,076	158,910	-
Net change in unearned premiums	(4,261)	(11,020)	(3,415)	(2,447)	(21,143)	-
Net premiums earned	21,481	74,940	40,717	629	137,767	-
Reinsurance commission earned	15,743	-	-	-	15,743	-
Other underwriting income	6,989	25	-	2,655	9,669	-
Total insurance revenues	44,213	74,965	40,717	3,284	163,179	-
UNDERWRITING COSTS AND EXPENSES						
Net claims incurred	(4,868)	(46,966)	(21,067)	(246)	(73,147)	-
Changes in unit linked reserves	-	-	(13,005)	-	(13,005)	-
Changes in mathematical reserves	-	-	385	-	385	-
Policy acquisition costs	(11,758)	(9,129)	(7,027)	-	(27,914)	-
Other underwriting expenses	(944)	(436)	(311)	(46)	(1,737)	-
Total underwriting costs and expenses	(17,570)	(56,531)	(41,025)	(292)	(115,418)	-
NET UNDERWRITING INCOME	26,643	18,434	(308)	2,992	47,761	-
OTHER OPERATING (EXPENSES) / INCOME						
General and administrative expenses					(50,232)	(3,622)
Provision for doubtful receivables					3,650	-
Unrealized gain on unit linked investments					4,195	-
Unrealized gain on investments					681	1,292
Realized gain on investments					1,026	1,468
Total operating and other expenses					(40,680)	(862)
Total profit/(loss) for the period before zakat					7,081	(862)
Zakat for the period						(1,717)
Net profit for the period						4,502

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTHS AND NINE MONTHS PERIODS ENDED 30 SEPTEMBER 2022

12 SEGMENT REPORTING (Continued)

	For the nine months period ended 30 September 2021 (Unaudited)					
	Property and Casualty	Motor	Protection and savings	Medical	Total Insurance Operations	Shareholders' operations
	SAR'000					
REVENUES						
Gross premiums written	132,592	62,975	50,296	111	245,974	245,974
Fee income from insurance contracts	32	-	-	-	32	32
Reinsurance premiums ceded						
- Local	(4,297)	-	-	-	(4,297)	(4,297)
- Foreign	(105,505)	-	(10,330)	-	(115,835)	(115,835)
Excess of loss expenses	(5,124)	(1,099)	-	-	(6,223)	(6,223)
Net premiums written	17,698	61,876	39,966	111	119,651	119,651
Net change in unearned premiums	(7,197)	(9,952)	(147)	(71)	(17,367)	(17,367)
Net premiums earned	10,501	51,924	39,819	40	102,284	102,284
Reinsurance commission earned	15,327	-	-	-	15,327	15,327
Other underwriting income	5,429	103	-	61	5,593	5,593
Total insurance revenues	31,257	52,027	39,819	101	123,204	123,204
UNDERWRITING COSTS AND EXPENSES						
Net claims and other benefits incurred	(713)	(32,210)	(19,357)	(78)	(52,358)	(52,358)
Changes in unit linked reserves	-	-	(26,556)	-	(26,556)	(26,556)
Changes in mathematical reserves	-	-	104	-	104	104
Policy acquisition costs	(9,295)	(6,544)	(2,943)	(4)	(18,786)	(18,786)
Other underwriting expenses	(641)	(315)	(251)	(2)	(1,209)	(1,209)
Total underwriting costs and expenses	(10,649)	(39,069)	(49,003)	(84)	(98,805)	(98,805)
NET UNDERWRITING INCOME/(EXPENSE)	20,608	12,958	(9,184)	17	24,399	24,399
OTHER OPERATING (EXPENSES) / INCOME						
General and administrative expenses					(43,205)	(3,012)
Provision for doubtful receivables					(3,793)	-
Unrealized loss on unit linked investments					14,293	-
Unrealized gain on investments					300	1,402
Realized gain on investments					902	1,611
Total operating and other expenses					(31,503)	1
Provision for doubtful receivables					(7,104)	1
Surplus transferred to Shareholders					(2,235)	2,235
(Loss)/profit before Zakat					(9,339)	2,236
Zakat for the period						(2,277)
Total loss for the period						(9,380)

ALINMA TOKIO MARINE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTHS AND NINE MONTHS PERIODS ENDED 30 SEPTEMBER 2022

12 SEGMENT REPORTING (Continued)

As at 30 September 2022 (Unaudited)						
Property and Casualty	Motor	Protection and savings	Medical	Total Insurance Operations	Shareholders' operations	Total
SAR'000						
ASSETS						
Cash and cash equivalents	-	-	-	120,222	15,042	135,264
Investments	-	-	-	20,550	79,059	99,609
Reinsurers' share of outstanding claims	32,529	-	9,444	41,973	-	41,973
Reinsurers' share of incurred but not reported claims	14,010	-	6,038	20,048	-	20,048
Reinsurers' share of unearned premiums	170,256	-	3,063	173,319	-	173,319
Deferred policy acquisition costs	7,977	5,638	1,005	14,620	-	14,620
Unit linked investments	-	-	98,658	98,658	-	98,658
Unallocated assets	-	-	-	171,423	106,869	278,292
Total assets				660,813	200,970	861,783
LIABILITIES						
Outstanding claims	39,988	20,608	16,079	1	76,676	76,676
Incurred but not reported claims	19,161	8,267	12,132	192	39,752	39,752
Other reserves	783	1,671	807	8	3,269	3,269
Premium deficiency reserves	-	3,621	-	-	3,621	3,621
Unearned premiums	190,346	48,316	6,776	2,490	247,928	247,928
Unearned reinsurance commission	17,436	-	-	-	17,436	17,436
Unit linked liabilities	-	-	98,658	-	98,658	98,658
Unallocated liabilities and equity	-	-	-	173,473	200,970	374,443
Total liabilities and equity				660,813	200,970	861,783

As at 31 December 2021 (Audited)						
Property and Casualty	Motor	Protection and savings	Medical	Total Insurance Operations	Shareholders' operations	Total
SAR'000						
ASSETS						
Cash and cash equivalents	-	-	-	133,214	115,100	248,314
Investments	-	-	-	131	42,683	42,814
Reinsurers' share of outstanding claims	11,178	-	11,869	23,047	-	23,047
Reinsurers' share of incurred but not reported claims	15,064	-	6,811	21,875	-	21,875
Reinsurers' share of unearned premiums	103,512	-	183	103,695	-	103,695
Deferred policy acquisition costs	5,819	3,819	70	9,708	-	9,708
Unit linked investments	-	-	85,653	85,653	-	85,653
Unallocated assets	-	-	-	101,185	47,663	148,848
Total assets				478,508	205,446	683,954
LIABILITIES						
Outstanding claims	15,775	18,615	19,741	33	54,164	54,164
Incurred but not reported claims	19,549	12,044	11,352	36	42,981	42,981
Other reserves	549	1,921	849	2	3,321	3,321
Premium deficiency reserves	-	5,510	-	-	5,510	5,510
Mathematical reserve	-	-	1,604	-	1,604	1,604
Unearned premiums	119,340	37,297	481	43	157,161	157,161
Unearned reinsurance commission	10,483	-	-	-	10,483	10,483
Unit linked liabilities	-	-	85,653	-	85,653	85,653
Unallocated liabilities and equity	-	-	-	117,631	205,446	323,077
Total liabilities and equity				478,508	205,446	683,954

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
AS AT 30 September, 2022

13 SUPPLEMENTARY INFORMATION

13.1 Statement of Financial Position

		As at 30 September 2022 (Unaudited)			As at 31 December 2021 (audited)		
	Note	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
		SAR'000			SAR'000		
ASSETS							
Cash and cash equivalents	4	120,222	15,042	135,264	133,214	115,100	248,314
Investments	5	20,550	79,059	99,609	131	42,683	42,814
Murabaha deposits		-	50,489	50,489	-	-	-
Premiums and reinsurance receivables, net	6	140,225	-	140,225	72,977	-	72,977
Reinsurers' share of unearned premiums	7.1	173,319	-	173,319	103,695	-	103,695
Reinsurers' share of outstanding claims	7.2	41,973	-	41,973	23,047	-	23,047
Reinsurers' share of claims incurred but not reported	7.2	20,048	-	20,048	21,875	-	21,875
Deferred policy acquisition costs		14,620	-	14,620	9,708	-	9,708
Prepayments and other assets		20,550	406	20,956	8,772	2,627	11,399
Due from related parties	8	-	-	-	-	36	36
Due from policyholders' operations		-	10,974	10,974	7,078	-	7,078
Statutory deposit		-	45,000	45,000	-	45,000	45,000
Property and equipment		1,712	-	1,712	3,153	-	3,153
Right of use assets		2,878	-	2,878	3,821	-	3,821
Intangible assets		6,058	-	6,058	5,384	-	5,384
Unit linked investments		98,658	-	98,658	85,653	-	85,653
TOTAL ASSETS		660,813	200,970	861,783	478,508	205,446	683,954
LIABILITIES							
Outstanding claims	7.2	76,676	-	76,676	54,164	-	54,164
Claims incurred but not reported	7.2	39,752	-	39,752	42,981	-	42,981
Other reserves	7.2	3,269	-	3,269	3,321	-	3,321
Premium deficiency reserves	7.2	3,621	-	3,621	5,510	-	5,510
Unearned premiums	7.1	247,928	-	247,928	157,161	-	157,161
Reinsurance balances payable		108,827	-	108,827	66,593	-	66,593
Unearned reinsurance commission		17,436	-	17,436	10,483	-	10,483
Accrued expenses and other liabilities		43,516	4,365	47,881	41,392	4,499	45,891
Lease liabilities		2,554	-	2,554	3,889	-	3,889
Zakat and income tax payable	9	-	4,933	4,933	-	6,699	6,699
Unit linked liabilities		98,658	-	98,658	85,653	-	85,653
Mathematical reserves		1,219	-	1,219	1,604	-	1,604
Retirement benefit obligations		5,953	-	5,953	6,018	-	6,018
Due to shareholders' operations		10,974	-	10,974	-	7,078	7,078
TOTAL LIABILITIES		660,383	9,298	669,681	478,769	18,276	497,045
EQUITY							
Share capital	10	-	300,000	300,000	-	300,000	300,000
Accumulated losses		-	(108,328)	(108,328)	-	(112,830)	(112,830)
Remeasurement of retirement benefit obligations		430	-	430	(261)	-	(261)
TOTAL EQUITY		430	191,672	192,102	(261)	187,170	186,909
TOTAL LIABILITIES AND EQUITY		660,813	200,970	861,783	478,508	205,446	683,954

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

FOR THE THREE MONTHS AND NINE MONTHS PERIODS ENDED 30 SEPTEMBER 2022

13 SUPPLEMENTARY INFORMATION (continued)

13.2 Interim Condensed Statement of Income

		For the three months ended 30 September 2022			For the three months ended 30 September 2021		
	Note	Insurance operations	Shareholders operations	Total	Insurance operations	Shareholders operations	Total
		SAR'000			SAR'000		
REVENUES							
Gross premiums written	14	89,941	-	89,941	67,414	-	67,414
Fee income from insurance contracts		18	-	18	11	-	11
Reinsurance premiums ceded							
- Local		(1,061)	-	(1,061)	(1,332)	-	(1,332)
- Foreign		(45,159)	-	(45,159)	(25,568)	-	(25,568)
Excess of loss expenses		(1,837)	-	(1,837)	(1,760)	-	(1,760)
Net premiums written		41,902	-	41,902	38,765	-	38,765
Changes in unearned premiums	7.1	2,222	-	2,222	827	-	827
Changes in reinsurers' share of unearned premiums	7.1	3,061	-	3,061	(3,113)	-	(3,113)
Net premiums earned		47,185	-	47,185	36,479	-	36,479
Reinsurance commission earned		6,034	-	6,034	4,428	-	4,428
Other underwriting income		4,157	-	4,157	17	-	17
Total Revenues		57,376	-	57,376	40,924	-	40,924
UNDERWRITING COSTS AND EXPENSES							
Gross claims paid		(24,335)	-	(24,335)	(24,794)	-	(24,794)
Surrenders		(4,290)	-	(4,290)	(4,749)	-	(4,749)
Reinsurers' share of claims paid		3,535	-	3,535	8,947	-	8,947
Net claims paid		(25,090)	-	(25,090)	(20,596)	-	(20,596)
Changes in outstanding claims	7.2	453	-	453	2,089	-	2,089
Changes in reinsurers' share of outstanding claims	7.2	588	-	588	(283)	-	(283)
Changes in incurred but not reported claims	7.2	(4,498)	-	(4,498)	3,714	-	3,714
Changes in reinsurers' share of incurred but not reported claims	7.2	1,667	-	1,667	(3,426)	-	(3,426)
Changes in other reserves	7.2	(120)	-	(120)	141	-	141
Changes in premium deficiency reserves	7.2	1,358	-	1,358	101	-	101
Net claims and other benefits incurred		(25,642)	-	(25,642)	(18,260)	-	(18,260)
Changes in unit linked reserves		(4,523)	-	(4,523)	(8,419)	-	(8,419)
Changes in mathematical reserves		193	-	193	29	-	29
Policy acquisition costs		(9,814)	-	(9,814)	(6,850)	-	(6,850)
Other underwriting expenses		(465)	-	(465)	(330)	-	(330)
Total underwriting costs and expenses		(40,251)	-	(40,251)	(33,830)	-	(33,830)
NET UNDERWRITING INCOME		17,125	-	17,125	7,094	-	7,094
OTHER OPERATING (EXPENSES) / INCOME							
General and administrative expenses	6	(17,755)	(1,388)	(19,143)	(13,731)	(1,018)	(14,749)
Provision for doubtful receivables		345	-	345	33	-	33
Unrealized gain/(loss) on unit linked investments		3,887	-	3,887	3,561	-	3,561
Unrealized gain on investments		502	262	764	300	(485)	(185)
Realized gain on investments		379	423	802	51	364	415
Total other (expenses) / income - net		(12,642)	(703)	(13,345)	(9,786)	(1,139)	(10,925)
Total profit/(loss) for the period		4,483	(703)	3,780	(2,692)	(1,139)	(3,831)
Surplus transferred to Shareholders		(4,483)	4,483	-	2,692	(2,692)	-
Total profit/(loss) for the period before zakat		-	3,780	3,780	-	(3,831)	(3,831)
Zakat for the period	9	-	(550)	(550)	-	(759)	(759)
Net profit/(loss) for the period		-	3,230	3,230	-	(4,590)	(4,590)
Earning/(Loss) per share (SAR)				0.11			(0.15)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE MONTHS AND NINE MONTHS PERIODS ENDED 30 SEPTEMBER 2022

13 SUPPLEMENTARY INFORMATION (continued)

13.2 Interim Condensed Statement of Income (continued)

		For the nine months period ended 30 September 2022			For the nine months period ended 30 September 2021		
	Note	Insurance operations	'Shareholders operations	Total	Insurance operations	Shareholders operations	Total
		SAR'000			SAR'000		
REVENUES							
Gross premiums written	14	346,567		346,567	245,974	-	245,974
Fee income from insurance contracts		62		62	32	-	32
Reinsurance premiums ceded							
- Local		(5,278)		(5,278)	(4,297)	-	(4,297)
- Foreign		(176,578)		(176,578)	(115,835)	-	(115,835)
Excess of loss expenses		(5,863)		(5,863)	(6,223)	-	(6,223)
Net premiums written		158,910	-	158,910	119,651	-	119,651
Changes in unearned premiums	7.1	(90,767)		(90,767)	(40,360)	-	(40,360)
Changes in reinsurers' share of unearned premiums	7.1	69,624		69,624	22,993	-	22,993
Net premiums earned		137,767	-	137,767	102,284	-	102,284
Reinsurance commission earned		15,743		15,743	15,327	-	15,327
Other underwriting income		9,669		9,669	5,593	-	5,593
Total Revenues		163,179	-	163,179	123,204	-	123,204
UNDERWRITING COSTS AND EXPENSES							
Gross claims paid		(74,246)		(74,246)	(63,759)	-	(63,759)
Surrenders		(12,091)		(12,091)	(10,013)	-	(10,013)
Reinsurers' share of claims paid		13,433		13,433	22,806	-	22,806
Net claims paid		(72,904)	-	(72,904)	(50,966)	-	(50,966)
Changes in outstanding claims	7.2	(22,512)		(22,512)	4,957	-	4,957
Changes in reinsurers' share of outstanding claims	7.2	18,926		18,926	(9,360)	-	(9,360)
Changes in incurred but not reported claims	7.2	3,229		3,229	6,797	-	6,797
Changes in reinsurers' share of incurred but not reported claims	7.2	(1,827)		(1,827)	(5,081)	-	(5,081)
Changes in other reserves	7.2	52		52	11	-	11
Changes in premium deficiency reserves	7.2	1,889		1,889	1,284	-	1,284
Net claims and other benefits incurred		(73,147)	-	(73,147)	(52,358)	-	(52,358)
Changes in unit linked reserves		(13,005)		(13,005)	(26,556)	-	(26,556)
Changes in mathematical reserves		385		385	104	-	104
Policy acquisition costs		(27,914)		(27,914)	(18,786)	-	(18,786)
Other underwriting expenses		(1,737)		(1,737)	(1,209)	-	(1,209)
Total underwriting costs and expenses		(115,418)	-	(115,418)	(98,805)	-	(98,805)
NET UNDERWRITING INCOME		47,761	-	47,761	24,399	-	24,399
OTHER OPERATING INCOME / (EXPENSES)							
General and administrative expenses		(50,232)	(3,622)	(53,854)	(43,205)	(3,012)	(46,217)
Provision for doubtful receivables	6	3,650		3,650	(3,793)	-	(3,793)
Unrealized gain/(loss) on unit linked investments		4,195		4,195	14,293	-	14,293
Unrealized gain on investments		681	1,292	1,973	300	1,402	1,702
Realized gain on investments		1,026	1,468	2,494	902	1,611	2,513
Total other (expenses) / income - net		(40,680)	(862)	(41,542)	(31,503)	1	(31,502)
Total profit/(loss) for the period		7,081	(862)	6,219	(7,104)	1	(7,103)
Surplus transferred to Shareholders		(7,081)	7,081	-	7,104	(7,104)	-
Total profit/(loss) for the period before Zakat		-	6,219	6,219	-	(7,103)	(7,103)
Zakat for the period		-	(1,717)	(1,717)	-	(2,277)	(2,277)
Net profit/(loss) for the period		-	4,502	4,502	-	(9,380)	(9,380)
Earning/(Loss) per share				0.15			(0.31)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

FOR THE THREE MONTHS AND NINE MONTHS PERIODS ENDED 30 SEPTEMBER 2022

13 SUPPLEMENTARY INFORMATION (continued)

13.3 Interim Condensed Statement of Comprehensive Income

	For the three months ended 30 September 2022			For the three months ended 30 September 2021		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	SAR'000			SAR'000		
Net (loss)/profit for the period	-	3,230	3,230	-	(4,590)	(4,590)
Other comprehensive profit/(loss):						
Items that will not be reclassified to statement of income in subsequent periods:						
- Actuarial gain on remeasurement of retirement benefit obligations	(29)		(29)	(85)	-	(85)
Total comprehensive profit/(loss) for the period	(29)	3,230	3,201	(85)	(4,590)	(4,675)
Reconciliation:						
Net Income attributable to Insurance Operations			-			-
Total comprehensive profit/(loss) for the period			3,201			(4,675)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE MONTHS AND NINE MONTHS PERIODS ENDED 30 SEPTEMBER 2022

13 SUPPLEMENTARY INFORMATION (continued)

13.3 Interim condensed statement of comprehensive income (continued)

Note	For the nine months period ended 30 September 2022			For the nine months period ended 30 September 2021		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	SAR'000			SAR'000		
Net (loss)/profit for the period	-	4,502	4,502	-	(9,380)	(9,380)
Items that will not be reclassified to statement of income in subsequent periods:						
- Actuarial gain on remeasurement of retirement benefit obligation	691	-	691	(282)	-	(282)
Total comprehensive profit/(loss) for the period	691	4,502	5,193	(282)	(9,380)	(9,662)
Reconciliation:						
Net Income attributable to Insurance Operations			-			-
Total comprehensive profit/(loss) for the period			5,193			(9,662)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTHS AND NINE MONTHS PERIODS ENDED 30 SEPTEMBER 2022

13 SUPPLEMENTARY INFORMATION (continued)

13.4 Interim Condensed Statement of Cash Flows

Note	2022			2021		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	SAR'000			SAR'000		
CASH FLOWS FROM OPERATING ACTIVITIES						
Net profit/(loss) for the period	-	4,502	4,502	-	(9,380)	(9,380)
Adjustments for non cash items:						
Depreciation and amortisation	2,138	-	2,138	2,080	-	2,080
Depreciation of right to use assets	943	-	943	943	-	943
Financing cost on lease liabilities	100	-	100	139	-	139
Provision for doubtful receivables	(3,650)	-	(3,650)	3,793	-	3,793
Realized gain on investments held at FVSI	(109)	280	171	(471)	-	(471)
Unrealized (gain) / loss on investments held at FVSI	(250)	(1,105)	(1,355)	(203)	(1,336)	(1,539)
Provision for retirement benefit obligations	1,183	-	1,183	1,026	-	1,026
Provision for zakat	-	1,717	1,717	-	2,277	2,277
	355	5,394	5,749	7,307	(8,439)	(1,132)
Changes in operating assets and liabilities:						
Premiums and reinsurance receivables	(63,598)	-	(63,598)	(30,513)	-	(30,513)
Reinsurers' share of unearned premiums	(69,624)	-	(69,624)	(22,993)	-	(22,993)
Reinsurers' share of outstanding claims	(18,926)	-	(18,926)	9,360	-	9,360
Reinsurers' share of incurred but not reported claims	1,827	-	1,827	5,081	-	5,081
Deferred policy acquisition costs	(4,912)	-	(4,912)	(3,762)	-	(3,762)
Prepayments and other assets	(11,778)	2,221	(9,557)	8,249	(4,652)	3,597
Due to insurance operations	-	(18,052)	(18,052)	-	(2,407)	(2,407)
Unit linked investments	(13,005)	-	(13,005)	(26,556)	-	(26,556)
Outstanding claims	22,512	-	22,512	(4,957)	-	(4,957)
Incurred but not reported claims	(3,229)	-	(3,229)	(6,797)	-	(6,797)
Other reserves	(52)	-	(52)	(11)	-	(11)
Premium deficiency reserves	(1,889)	-	(1,889)	(1,284)	-	(1,284)
Mathematical reserves	(385)	-	(385)	(104)	-	(104)
Unearned premiums	90,767	-	90,767	40,360	-	40,360
Reinsurance balances payable	42,234	-	42,234	4,253	-	4,253
Unearned reinsurance commission	6,953	-	6,953	1,017	-	1,017
Accrued expenses and other liabilities	2,124	(134)	1,990	3,275	(2)	3,273
Lease liabilities	(1,435)	-	(1,435)	(410)	-	(410)
Due to/from a related party	-	36	36	40	-	40
Unit linked liabilities	13,005	-	13,005	26,556	-	26,556
Due from shareholders' operations	18,052	-	18,052	2,407	-	2,407
Cash generated from / (used in) operations	8,996	(10,535)	(1,539)	10,518	(15,500)	(4,982)
Retirement benefit obligation paid	(557)	-	(557)	(1,243)	-	(1,243)
Zakat and income tax paid	-	(3,483)	(3,483)	-	(3,591)	(3,591)
Net cash generated from / (used in) operating activities	8,439	(14,018)	(5,579)	9,275	(19,091)	(9,816)
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchase of investments	5.2	(77,869)	(106,430)	(184,299)	-	(141,000)
Proceeds from disposal of investments	5.2	77,000	80,879	157,879	5,000	106,000
Purchase of property and equipment		(1,371)	-	(1,371)	(357)	(357)
Right to use assets		-	-	(606)	-	(606)
Purchase of murabaha deposits and Sukuks		(19,191)	(60,489)	(79,680)	-	-
Proceeds from maturity of murhaba deposits		-	-	-	-	-
Purchase of intangible assets		-	-	-	-	-
Net cash generated from / (used in) investing activities		(21,431)	(86,040)	(40,963)	5,000	(35,963)
Net change in cash and cash equivalents		(12,992)	(100,058)	(31,688)	(14,091)	(45,779)
Cash and cash equivalents at the beginning of the period		133,214	115,100	111,903	123,577	235,480
Cash and cash equivalents at the end of the period		120,222	15,042	80,215	109,486	189,701

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTHS AND NINE MONTHS PERIODS ENDED 30 SEPTEMBER 2022

14 Gross premiums written

For the three months period ended 30 September 2022 (Unaudited)	Property and Casualty	Motor	Protection and savings	Medical	Total
	SAR'000				
Corporate	33,260	6,982	7,877	-	48,119
Medium business	9,455	4,854	209	-	14,518
Small business	7,229	3,805	-	-	11,034
Very small business	2,611	1,460	-	-	4,071
Retail	-	3,444	6,683	2,072	12,199
	<u>52,555</u>	<u>20,545</u>	<u>14,769</u>	<u>2,072</u>	<u>89,941</u>
For the three months period ended 30 September 2021 (Unaudited)	Property and Casualty	Motor	Protection and savings	Medical	Total
	SAR'000				
Corporate	9,481	2,907	8,316	-	20,704
Medium business	16,206	4,740	22	10	20,978
Small business	4,493	5,202	-	-	9,695
Very small business	167	75	-	-	242
Retail	2	6,661	9,132	-	15,795
	<u>30,349</u>	<u>19,585</u>	<u>17,470</u>	<u>10</u>	<u>67,414</u>
For the nine months period ended 30 September 2022 (Unaudited)	Property and Casualty	Motor	Protection and savings	Medical	Total
	SAR'000				
Corporate	134,415	24,853	36,837	-	196,105
Medium business	36,732	29,853	2,073	2	68,660
Small business	17,969	16,224	-	-	34,193
Very small business	4,945	3,309	-	-	8,254
Retail	-	12,960	23,321	3,074	39,355
	<u>194,061</u>	<u>87,199</u>	<u>62,231</u>	<u>3,076</u>	<u>346,567</u>
For the nine months period ended 30 September 2021 (Unaudited)	Property and Casualty	Motor	Protection and savings	Medical	Total
	SAR'000				
Corporate	81,349	15,352	24,325	-	121,026
Medium business	38,129	16,810	528	31	55,498
Small business	11,626	11,467	-	80	23,173
Very small business	1,486	1,475	-	-	2,961
Retail	2	17,871	25,443	-	43,316
	<u>132,592</u>	<u>62,975</u>	<u>50,296</u>	<u>111</u>	<u>245,974</u>

15 COMPARATIVE FIGURES

Certain prior period figures have been reclassified to conform to current period presentation.

16 RISK MANAGEMENT

The Company's risk management policies are consistent with those as disclosed in the annual financial statements for the year ended 30 September 2022.

17 APPROVAL OF THE FINANCIAL STATEMENTS

These interim condensed financial statements have been approved by the Board of Directors of the Company on 09 Rabi-Uthani 1444H corresponding to 03 November 2022G.