
ALLIED COOPERATIVE INSURANCE GROUP (ACIG)
(A SAUDI JOINT STOCK COMPANY)

UNAUDITED INTERIM CONDENSED FINANCIAL INFORMATION
AND INDEPENDENT AUDITORS' REVIEW REPORT

FOR THE THREE-MONTHS AND NINE-MONTHS PERIODS ENDED 30 SEPTEMBER 2018

ALLIED COOPERATIVE INSURANCE GROUP (ACIG)
(A SAUDI JOINT STOCK COMPANY)

**UNAUDITED INTERIM CONDENSED FINANCIAL INFORMATION AND INDEPENDENT AUDITORS' REVIEW
REPORT**
FOR THE THREE-MONTHS AND NINE-MONTHS PERIODS ENDED 30 SEPTEMBER 2018

INDEX	PAGE
Independent Auditors' Review Report	1
Interim Condensed Statement of Financial Position	2
Interim Condensed Statement of Income	3
Interim Condensed Statement of Comprehensive Income	4
Interim Condensed Statement of Changes in Shareholders' Equity	5
Interim Condensed Statement of Cash Flows	6
Notes to the Interim Condensed Financial Information	7 – 31



الدكتور محمد العمري وشركاه
Dr. Mohamed Al-Amri & Co.



Crowe Horwath

AlAzem & AlSudairy Co.
CPA's & Consultants
Member Crowe Horwath International

INDEPENDENT AUDITORS' REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL INFORMATION TO THE SHAREHOLDERS OF ALLIED COOPERATIVE INSURANCE GROUP (ACIG) (a Saudi Joint Stock Company)

INTRODUCTION

We have reviewed the accompanying interim statement of financial position of Allied Cooperative Insurance Group (A Saudi Joint Stock Company) (the "Company") as of 30 September 2018 and the related interim condensed statements of income and comprehensive income for the three-months and nine-months periods then ended and changes in shareholders' equity and cash flows for the nine-months period then ended, and a summary of significant accounting policies and other selected explanatory notes from 1 to 19.

Management is responsible for the preparation and presentation of this interim condensed financial information in accordance with International Accounting Standard 34 - "Interim Financial Reporting" (IAS 34) as modified by Saudi Arabian Monetary Authority ('SAMA') for the accounting for zakat and income tax.

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 Engagements 2410, "Review of Interim Financial Information performed by the Independent Auditor of the Entity". 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 as endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

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

Dr. Mohamed Al Amri & Co.

P.O Box 784
Jeddah 21421
Kingdom of Saudi Arabia

Jamal M. Al-Amri
Certified Public Accountant
Registration No. 331

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

Abdullah M. AlAzem
Certified Public Accountant
License No. 335

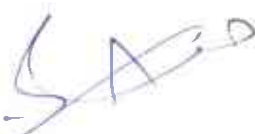


08 November 2018
30 Safar 1440H
Jeddah, Kingdom of Saudi Arabia



ALLIED COOPERATIVE INSURANCE GROUP (ACIG)
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
At 30 SEPTEMBER 2018

	Notes	30 September 2018 (Unaudited) SR'000	31 December 2017 (Audited) SR'000
ASSETS			
Cash and cash equivalents	3	106,512	77,598
Term deposits	4	187,238	185,000
Premiums and reinsurers' receivable – net	5	125,564	86,925
Reinsurers' share of unearned premiums	8	23,547	29,476
Reinsurers' share of outstanding claims	9	10,499	15,574
Reinsurers' share of claims incurred but not reported	9	7,299	6,599
Deferred policy acquisition cost		11,557	15,336
Due from a related party	14	1,805	2,247
Property and equipment, net		9,104	7,410
Available-for-sale investments	6	60,308	43,723
Prepayments and other receivables		35,314	38,757
Accrued commission on statutory deposit		1,320	1,152
Statutory deposit	7	20,000	20,000
TOTAL ASSETS		600,067	529,797
LIABILITIES			
Policyholders claim payable		1,651	2,517
Accrued and other payables		33,969	20,698
Reinsurances' balances payable		22,755	23,731
Unearned commission income		528	820
Unearned premiums	8	278,875	239,754
Other technical reserve	9	60	60
Outstanding claims	9	44,297	37,425
Claims incurred but not reported	9	57,955	50,683
Employees' terminal benefits		9,434	8,287
Surplus distribution payable		5,348	4,608
Zakat and income tax	10	4,008	2,128
Accrued commission on statutory deposit payable to SAMA		1,320	1,152
Total liabilities		460,200	391,863
Shareholders' equity			
Share capital	11	200,000	200,000
Accumulated losses		(58,250)	(57,827)
Fair value reserve on investments		(1,883)	(4,239)
Total shareholders' equity		139,867	137,934
Total liabilities and shareholders' equity		600,067	529,797


The accompanying notes 1 to 19 form part of this interim condensed financial information.

ALLIED COOPERATIVE INSURANCE GROUP (ACIG)
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF INCOME
FOR THE THREE-MONTHS AND NINE-MONTHS PERIODS ENDED 30 SEPTEMBER 2018

	<i>Three-months period ended</i>		<i>Nine-months period ended</i>	
	<i>30</i>	<i>30</i>	<i>30</i>	<i>30</i>
	<i>September</i>	<i>September</i>	<i>September</i>	<i>September</i>
	<i>2018</i>	<i>2017</i>	<i>2018</i>	<i>2017</i>
	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
REVENUE				
Gross premiums written	164,543	112,798	394,624	296,867
Less: Premiums ceded				
- Local	(1,110)	(1,379)	(3,292)	(3,643)
- Foreign	(11,085)	(11,033)	(28,100)	(35,790)
	(12,195)	(12,412)	(31,392)	(39,433)
Excess of loss premiums	(1,238)	(2,152)	(4,594)	(4,354)
Net written premiums	151,110	98,234	358,638	253,080
Changes in net unearned premiums	(33,742)	(15,993)	(45,049)	15,613
Net premiums earned	117,368	82,241	313,589	268,693
Other underwriting income	3,590	5,779	11,088	10,717
Reinsurance commission earned	686	921	1,944	2,472
Net revenues	121,644	88,941	326,621	281,882
UNDERWRITING COST AND EXPENSES				
Gross claims paid	86,663	60,091	237,977	220,569
Less: Reinsurers' share of claims paid	(7,842)	(6,676)	(27,631)	(24,151)
Net claims paid	78,821	53,415	210,346	196,418
Changes in outstanding claims, net	5,191	7,044	9,556	7,635
Changes in incurred but not reported, net	3,004	(3,345)	6,570	(15,840)
Net claims incurred	87,016	57,114	226,472	188,213
Policy acquisition cost	6,564	7,329	20,682	24,319
Other underwriting expense	1,041	319	2,032	1,372
Total underwriting cost and expenses	94,621	64,762	249,186	213,904
Net result of insurance operations	27,023	24,179	77,435	67,978
OTHER OPERATING (EXPENSE)/ INCOME				
(Allowance for) doubtful debts	(5,678)	(840)	(6,914)	(421)
General and administrative expenses	(24,258)	(20,383)	(67,691)	(56,341)
Commission income on deposits	1,343	497	3,508	1,856
Realized gain on available for sale investments	354	811	1,430	3,569
Impairment on available for sale investments	-	-	(2,797)	-
Other income	1	52	7	237
TOTAL OTHER OPERATING EXPENSES	(28,238)	(19,863)	(72,457)	(51,100)
Total (loss) / income for the period	(1,215)	4,316	4,978	16,878
Total loss / (income) attributed to the insurance operations	112	(383)	(740)	(1,428)
TOTAL (LOSS) / INCOME FOR THE PERIOD ATTRIBUTABLE TO THE SHAREHOLDERS	(1,103)	3,933	4,238	15,450

Earnings per share (Expressed in SAR share)

Basic EPS (0.06) 0.20 0.21 0.77

The accompanying notes 1 to 19 form part of this interim condensed financial information

ALLIED COOPERATIVE INSURANCE GROUP (ACIG)
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE-MONTHS AND NINE-MONTHS PERIODS ENDED 30 SEPTEMBER 2018

	Three-months period ended		Nine-months period ended	
	30	30	30	30
	September	September	September	September
	2018	2017	2018	2017
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	SR'000	SR'000	SR'000	SR'000
Total (loss) / income for the period	(1,215)	4,316	4,978	16,878
Other comprehensive income				
<i>Items that are or may be reclassified to interim condensed statements of income in subsequent periods</i>				
- Available for sale investments:				
- Impairment on available for sale investments	-	-	2,797	-
- Net change in fair value	(474)	(118)	(441)	(2,053)
TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE PERIOD	(1,689)	4,198	7,334	14,825
TOTAL COMPREHENSIVE LOSS / (INCOME) ATTRIBUTABLE TO THE INSURANCE OPERATIONS	112	(383)	(740)	(1,428)
TOTAL COMPREHENSIVE (LOSS) / INCOME ATTRIBUTABLE TO THE SHAREHOLDERS	(1,577)	3,815	6,594	13,397



ALLIED COOPERATIVE INSURANCE GROUP (ACIG)
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE NINE-MONTHS PERIOD ENDED 30 SEPTEMBER 2018

Nine-months period ended 30 September 2018 – unaudited	Share capital SR '000	Accumulated losses SR '000	Available-for- sale investments reserve SR '000	Total SR '000
Balance as at 31 December 2017 (audited)	200,000	(57,827)	(4,239)	137,934
Net income for the period attributable to shareholders	-	4,238	-	4,238
Impairment on available-for-sale investments	-	-	2,797	2,797
Change in fair value of available-for-sale investments	-	-	(441)	(441)
Zakat for the current period (note 10)	-	(4,661)	-	(4,661)
Income tax for the current period (note 10)	-	-	-	-
Balance as at 30 September 2018 (unaudited)	200,000	(58,250)	(1,883)	139,867

Nine-months period ended
30 September 2017 – unaudited

Balance as at 31 December 2016 (audited)	200,000	(73,796)	(1,053)	125,151
Net income for the period attributable to shareholders	-	15,450	-	15,450
Change in fair value of available-for-sale investments	-	-	(2,053)	(2,053)
Zakat for the current period (note 10)	-	(1,878)	-	(1,878)
Income tax for the current period (note 10)	-	(4)	-	(4)
Balance as at 30 September 2017 (unaudited)	200,000	(60,228)	(3,106)	136,666

The accompanying notes 1 to 19 form part of this interim condensed financial information.

ALLIED COOPERATIVE INSURANCE GROUP (ACIG)
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED STATEMENT OF CASH FLOWS
FOR THE NINE-MONTHS PERIOD ENDED 30 SEPTEMBER 2018

	<i>Nine-months period ended</i>	
	30	30
	September	September
	2018	2017
	(Unaudited)	(Unaudited)
	SR'000	SR'000
Cash flows from operating activities:		
Net profit for the period	4,978	16,878
<i>Adjustments for non-cash items:</i>		
Depreciation	1,875	2,015
Employees' terminal benefits	1,711	1,469
Allowance for doubtful debts	6,914	421
Impairment on available for sale investments	2,797	-
Realized gain on available for sale investments	(1,430)	(3,569)
<i>Changes in operating assets and liabilities:</i>		
Premiums and reinsurers' receivable	(45,553)	(3,994)
Reinsurers' share of unearned premiums	5,929	6,287
Reinsurers' share of outstanding claims	5,075	(1,420)
Reinsurers' share of claims incurred but not reported	(700)	25
Deferred policy acquisition cost	3,779	2,830
Due from related party	442	(1,032)
Prepayments and other receivables	3,443	(8,068)
Policyholders claims payable	(866)	(2,309)
Reinsurance payables	(976)	(7,688)
Unearned commission income	(292)	(222)
Unearned premiums	39,121	(21,899)
Outstanding claims	6,872	9,025
Claims incurred but not reported	7,272	(15,840)
Accrued and other payables	13,271	6,943
	53,662	(20,148)
End of service indemnities paid	(564)	(163)
Zakat and income tax paid	(2,781)	(1,530)
Surplus paid to policyholders	-	(1,087)
Net cash from/(used in) operating activities	50,317	(22,928)
INVESTING ACTIVITIES		
Purchase of property and equipment	(3,571)	(1,392)
Proceed from sale of property and equipment	2	-
Purchase of available for sale investments	(17,301)	(13,543)
Proceed from sale of available for sale investments	1,705	12,245
(Purchase) of investments	(2,238)	(185,000)
Net cash used in investing activities	(21,403)	(187,690)
Net changes in cash and cash equivalents	28,914	(210,618)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	77,598	258,851
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	106,512	48,233
NON - CASH INFORMATION:		
Change in fair value of available for sale investments	(441)	(2,053)

The accompanying notes 1 to 19 form part of this interim condensed financial information.

Dr. Amr

SA

[Signature]

ALLIED COOPERATIVE INSURANCE GROUP (ACIG)
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE-MONTHS AND NINE-MONTHS PERIODS ENDED 30 SEPTEMBER 2018

1. ORGANIZATION AND PRINCIPAL ACTIVITIES

Allied Cooperative Insurance Group ("the Company") is a Saudi Joint Stock Company registered in the Kingdom of Saudi Arabia under Commercial Registration No. 4030171999 dated 9 Shabaan 1428H, corresponding to 22 August 2007.

The registered office address of the Company was situated at Al Malka District District, P. O. Box 40523, Riyadh 11511, Kingdom of Saudi Arabia. However, as per the Board of Directors resolution dated 30 January 2018, the registered office address of the Company has been changed to Al Heteen District P.O. Box 40523 Riyadh 11511, Kingdom of Saudi Arabia. The legal formalities to change the registered office address of the Company have been completed during the period ended 30 September 2018 and accordingly new Commercial Registration No. 1010417178 has been obtained.

The activities of the Company are to transact cooperative insurance operations and related activities in the Kingdom of Saudi Arabia. On 4 April 2009, the Company received a license from the Saudi Arabian Monetary Authority ("SAMA") to engage in insurance in Saudi Arabia. The Company commenced its commercial operations on 1 July 2009. The Company was listed on the Saudi Stock Exchange (Tadawul) on 27 August 2007.

There are 3 registered branches as set out below:

Branch	Commercial Registration Number	Place of issuance	Date
Branch of ACIG	2051043671	Al Khobar	12 Ramadan 1439 H
Branch of ACIG	5855035150	Khamis Mushayt	12 Ramadan 1439 H
Branch of ACIG	4030204059	Jeddah	12 Ramadan 1439 H

The Board of Directors on 7 March 2017 approved the study of a possibility of merger with Malath Cooperative Insurance Company (Malath). During the quarter ended 31 March 2018, the Board approved to extend the previously announced period by six months to sign a non-binding memorandum of understanding to conduct the technical, financial and legal studies necessary for the merger process and to present the results of the studies to the Board of Directors of the two companies. However, on 12 July 2018, the Board of Directors of ACIG decided not to continue the merger due to the failure to reach a preliminary agreement with Malath regarding the methodology used in evaluating the two companies.

2. BASIS OF PREPARATION

Statement of Compliance

The interim condensed financial information of the Company has been prepared in accordance with International Accounting Standard (IAS) 34 - Interim Financial Reporting as modified by the Saudi Arabian Monetary Authority ("SAMA") for the accounting of zakat and income tax, which requires, adoption of all IFRS as issued by the International Accounting Standards Board ("IASB") except for the application of International Accounting Standard (IAS) 12 - "Income Taxes" and IFRIC 21 - "Levies" so far as these relate to zakat and income tax. As per the SAMA Circular no. 381000074519 dated 11 April 2017 and subsequent amendments through certain clarifications relating to the accounting for zakat and income tax ("SAMA Circular"), the zakat and income tax are to be accrued on a quarterly basis through shareholders' equity under retained earnings.

These interim condensed financial information do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements as at and for the year ended 31 December 2017.

The Company follows a fiscal year ending 31 December.

The interim condensed financial information are expressed in Saudi Riyals, being the functional currency of the Company and have been rounded off to the nearest thousand, unless otherwise specified.

The preparation of interim condensed financial statements in conformity with International Financial Reporting Standards ("IFRS") requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities, if any, at the date of the interim condensed financial information and the reported amounts of revenues and expenses during the reporting period. Although these estimates and judgments are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

2. BASIS OF PREPARATION – (continued)

Basis of presentation

The interim condensed financial information is prepared under the going concern basis and the historical cost convention, except for the measurement at fair value of available-for-sale investments. The Company's interim statement of financial position is not presented using a current/non-current classification. However, the following balances would generally be classified as current: cash and cash equivalents, term deposits, premiums and reinsurers' receivable - net, reinsurers' share of unearned premium, reinsurers' share of outstanding claims, reinsurers' share of claims incurred but not reported, deferred policy acquisitions cost, due from related parties, prepaid expenses and other assets, policyholders claim payable, accrued and other liabilities, unearned premiums, unearned reinsurance commission, outstanding claims, claims incurred but not reported, other technical reserves, surplus distribution payable and Zakat and income tax. The following balances would generally be classified as non-current: end-of-service indemnities, investments, statutory deposit, accrued income on statutory deposit and property and equipment.

As required by the Saudi Arabian Insurance Regulations, the Company maintains separate books of accounts for Insurance Operations and Shareholders' Operations and presents the financial information accordingly. 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 and statement of comprehensive income and cash flows of the insurance operations and shareholders operations which are presented on Note No. 16 of the financial information have been provided as supplementary financial information and to comply with the requirements of the guidelines issued by SAMA implementing regulations. 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 information in compliance with IFRS, the balances and transactions of the insurance operations are amalgamated and combined with those of the shareholders' operations. Interoperation balances, transactions and unrealised gains or losses, if any, are eliminated in full during amalgamation. The accounting policies adopted for the insurance operations and shareholders operations are uniform for like transactions and events in similar circumstances.

The inclusion of separate information of the insurance operations with the financial information of the Company in the interim condensed statement of financial position, the statement of income, statement of comprehensive income, cash flows as well as certain relevant notes to the financial information represents additional supplementary information required as required by the implementing regulations.

As per the by-laws of the Company, surplus arising from the Insurance Operations is distributed as follows:

Transfer to Shareholders' operations	90%
Transfer to Policyholders' operations	10%
	<u>100%</u>

In case of deficit, the whole deficit will be transferred to Shareholders' operations.

ALLIED COOPERATIVE INSURANCE GROUP (ACIG)
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

FOR THE THREE-MONTHS AND NINE-MONTHS PERIODS ENDED 30 SEPTEMBER 2018--(continued)

2. BASIS OF PREPARATION – (continued)

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

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

<u>Standard/ Interpretation</u>	<u>Description</u>	<u>Effective date</u>
IFRS 15	Revenue from Contracts with Customers	1 January 2018
IFRS 2	Amendments to IFRS 2 Classification and Measurement of share-based Payment transactions.	1 January 2018
IAS 40	Amendments to IAS 40 Transfers of investment property.	1 January 2018
IFRIC 22	Foreign Currency Transactions and Advance consideration.	1 January 2018
IFRS 1 and IAS 28	Annual Improvements 2016 to IFRS 2014- 2016 cycle.	1 January 2018

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

Standards issued but not yet effective

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

IFRS 16 - "Leases", applicable for the period beginning on or after 1 January 2019. The new standard eliminates the current dual accounting model for lessees under IAS 17, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, IFRS 16 proposes on-balance sheet accounting model. The Company has decided not to early adopt this new standard.

IFRS 17- "Insurance Contracts", applicable for the period beginning on or after 1 January 2021, and will supersede IFRS 4 "Insurance Contracts". Earlier adoption is permitted if both IFRS 15 "Revenue from Contracts with Customers" and IFRS 9 "Financial Instruments" have also been applied. The Company has decided not to early adopt this new standard.

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

In September 2016, the IASB published amendments to IFRS 4 Insurance Contracts that address the accounting consequences of the application of IFRS 9 to insurers prior to the publication of the forthcoming accounting standard for insurance contracts. The amendments introduce two options for insurers: the deferral approach and the overlay approach. The deferral approach provides an entity, if eligible, with a temporary exemption from applying IFRS 9 until the earlier of the effective date of a new insurance contract standard or 2021. The overlay approach allows an entity to remove from profit or loss the effects of some of the accounting mismatches that may occur before the new insurance contracts standard is applied. The Company has decided to defer the implementation of IFRS 9.

The Company believes that IFRS 9 would have an impact on the classification of financial instruments required to be measured mandatorily at fair value. At present it is not possible to provide a reasonable estimate of the effects of application of this new standard as the Company is yet to perform a detailed review.

ALLIED COOPERATIVE INSURANCE GROUP (ACIG)
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

FOR THE THREE-MONTHS AND NINE-MONTHS PERIODS ENDED 30 SEPTEMBER 2018--(continued)

3. CASH AND CASH EQUIVALENTS

	30 September 2018 (Unaudited) SR'000	31 December 2017 (Audited) SR'000
<i>Insurance operations</i>		
Cash in hand and at banks	<u>97,991</u>	<u>44,283</u>
	97,991	44,283
<i>Shareholders' operations</i>		
Cash in hand and at banks	<u>8,521</u>	<u>33,315</u>
	8,521	33,315

Cash at banks are placed with counterparties who have good credit ratings.

The carrying amounts disclosed above reasonably approximate fair value at the statement of interim condensed financial position date.

4. TERM DEPOSITS

	30 September 2018 (Unaudited) SR'000	31 December 2017 (Audited) SR'000
<i>Insurance Operations</i>		
Term deposits	<u>138,256</u>	<u>147,249</u>
<i>Shareholders' Operations</i>		
Term deposits	<u>48,982</u>	<u>37,751</u>

The term deposits are held with the commercial banks. These term deposits are denominated in Saudi Arabian Riyals and have been an original maturity of more than three months and less than twelve months. The carrying amounts of these term deposits reasonably approximate their fair values at the reporting date.

ALLIED COOPERATIVE INSURANCE GROUP (ACIG)
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

FOR THE THREE-MONTHS AND NINE-MONTHS PERIODS ENDED 30 SEPTEMBER 2018—(continued)

5. PREMIUMS AND REINSURERS' RECEIVABLE, NET

	30 September 2018 (Unaudited) SR'000	31 December 2017 (Audited) SR'000
Due from policyholders	103,014	60,263
Due from policyholders – related parties	2,201	2,234
Due from Brokers and agents	29,360	24,642
Receivables from reinsurers	3,709	5,592
Provision for doubtful debts	(12,720)	(5,806)
	<u>125,564</u>	<u>86,925</u>

Movement in provision for doubtful debts is as follows:

	30 September 2018 (Unaudited) SR'000	31 December 2017 (Audited) SR'000
Balance at the beginning of the period / year	5,806	6,214
Release of provision during the period / year	-	(408)
Additional provision during the period / year	6,914	-
Balance at the end of the period / year	<u>12,720</u>	<u>5,806</u>

6. AVAILABLE-FOR-SALE INVESTMENTS

Shareholders' operations

	30 September 2018 (Unaudited) SR'000	31 December 2017 (Audited) SR'000
Investment in sukuk	25,000	25,000
Quoted securities	22,997	16,800
Unquoted securities	1,923	1,923
Units in quoted local real estate fund	10,388	-
	<u>60,308</u>	<u>43,723</u>

	Balance at the beginning of the period SR'000	Net movement during the period SR'000	Change in fair value for the period SR'000	Balance at the end of the period SR'000
As at 30 September 2018 – (Unaudited)				
Investment in sukuk	25,000	-	-	25,000
Quoted securities	16,800	5,821	376	22,997
Investment in Najm for Insurance Services Company	1,923	-	-	1,923
Units in quoted local real estate fund	-	9,992	396	10,388
	<u>43,723</u>	<u>15,813</u>	<u>772</u>	<u>60,308</u>
	Balance at the beginning of the year SR'000	Net movement during the year SR'000	Change in fair value for the year SR'000	Balance at the end of the year SR'000
As at 31 December 2017 – (Audited)				
Investment in sukuk	25,000	-	-	25,000
Quoted securities	20,759	(773)	(3,186)	16,800
Investment in Najm for Insurance Services Company	1,923	-	-	1,923
	<u>47,682</u>	<u>(773)</u>	<u>(3,186)</u>	<u>43,723</u>

ALLIED COOPERATIVE INSURANCE GROUP (ACIG)
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE-MONTHS AND NINE-MONTHS PERIODS ENDED 30 SEPTEMBER 2018--(continued)

6. AVAILABLE-FOR-SALE INVESTMENTS – (continued)

Investment in Najm for Insurance Services Company are held at cost and is classified under level 3. Investments in mutual funds and GACA Sukuk are classified under level 2. There is no movement in levels of investments.

7. STATUTORY DEPOSIT

	30 September 2018 (Unaudited) SR'000	31 December 2017 (Audited) SR'000
Shareholders' Operations		
Statutory deposit	20,000	20,000

As required by Saudi Arabian Insurance Regulations, the Company deposited 10% of its paid up capital, amounting to SR 20 million in a bank designated by the Saudi Arabian Monetary Authority (SAMA). The Company cannot withdraw this deposit without SAMA's approval.

8. UNEARNED PREMIUMS, NET

	30 September 2018 (Unaudited) SR'000	31 December 2017 (Audited) SR'000
Unearned premiums	278,875	239,754
Reinsurance share of unearned premiums	(23,547)	(29,476)
	255,328	210,278

9. TECHNICAL RESERVES, NET

	30 September 2018 (Unaudited) SR'000	31 December 2017 (Audited) SR'000
Outstanding claims	44,297	37,425
Claims incurred but not reported	57,955	50,683
Other technical reserves	60	60
	102,312	88,168
Less: Reinsurers' share of outstanding claims	(10,499)	(15,574)
Less: Reinsurers' share of claims incurred but not reported	(7,299)	(6,599)
	84,514	65,995

ALLIED COOPERATIVE INSURANCE GROUP (ACIG)
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE-MONTHS AND NINE-MONTHS PERIODS ENDED 30 SEPTEMBER 2018--(continued)

10. ZAKAT AND INCOME TAX

Zakat and Income Tax

The Zakat and income tax payable by the Company has been calculated based on the best estimates of the management. The movement in the Zakat payable is as follows:

	30 September 2018 (Unaudited) SR'000	31 December 2017 (Audited) SR'000
Balance at the beginning of the period / year	2,128	1,510
Charge for the current period / year	4,661	2,148
Paid during the period / year	(2,781)	(1,530)
Balance at the end of the period / year	<u>4,008</u>	<u>2,128</u>

The differences between the financial and the zakatable results are mainly due to certain adjustments in accordance with the relevant fiscal regulations.

Zakat base has been computed based on the Company's understanding of the Zakat regulations enforced in the Kingdom of Saudi Arabia. The Zakat regulations in Saudi Arabia are subject to different interpretations, and the assessments to be raised by the GAZT could be different from the declarations filed by the Company.

Income Tax

Foreign shareholder, being Islamic Development Bank (IDB) is exempted from income tax.

Status of assessment:

Zakat and income tax returns have been filed with the General Authority of Zakat and Tax ("GAZT") for the years ended up to 31 December 2016. Final certificate has been received from GAZT for the year ended 31 December 2008. However, GAZT has raised an additional assessment in respect of the returns filed for the years ended 31 December 2008, 2009 and 2010 amounting to SR 1.86 million which has been paid.

11. SHARE CAPITAL

The authorized, issued and paid up share capital of the Company is SR 200 million at period end consisting of 20 million shares of SR 10 each.

	30 September 2018 (Unaudited)		31 December 2017 (Audited)	
	% holding	SR'000	% holding	SR'000
Founding shareholders	40	80,000	40	80,000
General public	60	120,000	60	120,000
Balance at the end of the period / year	<u>100</u>	<u>200,000</u>	<u>100</u>	<u>200,000</u>

ALLIED COOPERATIVE INSURANCE GROUP (ACIG)
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

FOR THE THREE-MONTHS AND NINE-MONTHS PERIODS ENDED 30 SEPTEMBER 2018--(continued)

12. BASIC AND DILUTED EARNINGS PER SHARE

Earnings per share for the period has been calculated by dividing the net income for the period by the weighted average number of issued and outstanding shares for the period.

13. STATUTORY RESERVE

As required by Saudi Arabian Insurance Regulations, 20% of the net shareholders' income shall be set aside as a statutory reserve until this reserve amounts to 100% of paid capital. No appropriation has been made as the Company has accumulated losses at the end of the period.

14. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

Major related party transactions during the period and the related balances at the end of the period / year are as follows:

Related party	Nature of transaction	Amount of transactions nine-months period ended		Closing balance Receivable / (Payable)	
		30 September 2018 (Unaudited) SR'000	30 September 2017 (Unaudited) SR'000	30 September 2018 (Unaudited) SR'000	31 December 2017 (Audited) SR'000
Abiat (Affiliate)	Premiums written	2	-	32	61
	Claims paid	87	-	(41)	-
Fuji Saudi Arabia (Affiliate)	Premiums written	96	-	747	652
	Claims paid	530	-	(79)	-
GEEC (Affiliate)	Premiums written	72	178	391	417
	Claims paid	239	12	(60)	-
Mayar Holding (Affiliate)	Premiums written	18	-	123	48
	Claims paid	71	-	(4)	-
Saudi Drip (Affiliate)	Premiums written	(9)	-	56	175
	Claims paid	-	-	-	-
Taya Feed Mill Factory (Affiliate)	Premiums written	44	-	136	121
	Claims paid	45	-	(11)	-
Taya Real Estate (Affiliate)	Premiums written	106	45	97	132
	Claims paid	89	16	(1)	-
Taya Holding (Affiliate)	Premiums written	4	-	139	184
	Claims paid	225	-	(32)	-
GCP Co. (Affiliate)	Premiums written	5	-	38	91
	Claims paid	105	-	(17)	-
Al Huda Charity Trust (Affiliate)	Premiums written	6	-	4	-

ALLIED COOPERATIVE INSURANCE GROUP (ACIG)
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

FOR THE THREE-MONTHS AND NINE-MONTHS PERIODS ENDED 30 SEPTEMBER 2018--(continued)

	Claims paid	<u>11</u>	<u>-</u>	<u>(12)</u>	<u>-</u>
Saudi Wings Co. (Affiliate)	Premiums written	<u>-</u>	<u>-</u>	<u>5</u>	<u>16</u>
	Claims paid	<u>6</u>	<u>-</u>	<u>-</u>	<u>-</u>
Taya Agriculture Co. (Affiliate)	Premiums written	<u>144</u>	<u>-</u>	<u>341</u>	<u>258</u>
	Claims paid	<u>118</u>	<u>-</u>	<u>(26)</u>	<u>-</u>
Bakri and sons Holding Co. (Affiliate)	Premiums written	<u>-</u>	<u>2</u>	<u>-</u>	<u>2</u>
	Claims paid	<u>-</u>	<u>15</u>	<u>(200)</u>	<u>(200)</u>
Saudi Drip Irrigation system Co. (Affiliate)	Premiums written	<u>25</u>	<u>32</u>	<u>28</u>	<u>4</u>
	Claims paid	<u>146</u>	<u>7</u>	<u>(21)</u>	<u>-</u>
Red Sea Marine Services Co. (Affiliate)	Premiums written	<u>-</u>	<u>-</u>	<u>1</u>	<u>-</u>
	Claims paid	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Solaiman A.El Khereiji consultant (SAK) (Affiliate)	Premiums written	<u>90</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Claims paid	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
M/s Arabian Gulf Co. For Maintenance & Contracting (Affiliate)	Premiums written	<u>68</u>	<u>62</u>	<u>6</u>	<u>-</u>
	Claims paid	<u>8</u>	<u>-</u>	<u>-</u>	<u>-</u>
Abdullah Al Rayes EST (Affiliate)	Premiums Written	<u>4</u>	<u>18</u>	<u>-</u>	<u>-</u>
	Claims paid	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>
M/s Al Bihar International Company Limited (Affiliate)	Premiums written	<u>-</u>	<u>24</u>	<u>-</u>	<u>-</u>
	Claims paid	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Mr. Ghada Bint Abdullah bin Saud Al Saud	Premiums written	<u>-</u>	<u>9</u>	<u>-</u>	<u>-</u>
	Claims paid	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

ALLIED COOPERATIVE INSURANCE GROUP (ACIG)
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE-MONTHS AND NINE-MONTHS PERIODS ENDED 30 SEPTEMBER 2018--(continued)

Mr. Hesham Mohammed Abdullah Al Shareef	Premiums written	<u>-</u>	<u>17</u>	<u>-</u>	<u>-</u>
	Claims paid	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
ACIG Bahrain (Shareholder)	Claims paid on behalf of ACIG Bahrain	<u>(442)</u>	<u>590</u>	<u>1,805</u>	<u>2,247</u>
Board and audit committee	Meetings fee	<u>1,468</u>	<u>1,183</u>	<u>-</u>	<u>-</u>
Key management personnel	Short term benefits	<u>4,115</u>	<u>4,021</u>	<u>112</u>	<u>77</u>
	Long term benefits	<u>305</u>	<u>301</u>	<u>(2,058)</u>	<u>(1,809)</u>

15. SEGMENTAL INFORMATION

Consistent with the Company's internal reporting process, operating segments have been approved by the management in respect of the Company's activities, assets and liabilities as stated below.

Segment results do not include general and administrative expenses, provision for doubtful debts and other income.

Segment assets do not include cash and cash equivalents, investments, prepayments and other receivables, and property and equipment, net.

Segment liabilities do not include reinsurance payables, accrued expenses and other liabilities, due to shareholders' operations and employees' terminal benefits.

ALLIED COOPERATIVE INSURANCE GROUP (ACIG)
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE-MONTHS AND NINE-MONTHS PERIODS ENDED 30 SEPTEMBER 2018—(continued)

15. SEGMENTAL INFORMATION - (continued)

For three-months period ended

30 September 2018 (Unaudited)

	Medical	Motor	General Accident	Others	Total
	SR '000	SR '000	SR '000	SR '000	SR '000
Revenue					
Gross premiums written	45,309	111,714	1,286	6,234	164,543
Less: Premiums ceded					
- Local	(904)	-	(7)	(199)	(1,110)
- Foreign	(5,332)	-	(112)	(5,641)	(11,085)
Excess of loss premiums	-	(934)	(216)	(88)	(1,238)
Net written premiums	39,073	110,780	951	306	151,110
Changes in net unearned premiums	(7,950)	(27,505)	1,577	136	(33,742)
Net premiums earned	31,123	83,275	2,528	442	117,368
Other underwriting income	2,293	1,297	-	-	3,590
Reinsurance commission earned	-	7	124	555	686
Net revenue	33,416	84,579	2,652	997	121,644
Underwriting Costs and expenses					
Gross claims paid and loss adjustment expenses	31,785	54,497	260	121	86,663
Less: Reinsurers' share	(7,675)	(50)	(18)	(99)	(7,842)
Net claims paid	24,110	54,447	242	22	78,821
Changes in outstanding claims, net	689	4,520	(53)	35	5,191
Changes in incurred but not reported, net	3,890	(886)	-	-	3,004
Net claims incurred	28,689	58,081	189	57	87,016
Policy acquisition cost	2,757	3,379	236	192	6,564
Other underwriting expense	390	651	-	-	1,041
Total underwriting costs and expenses	31,836	62,111	425	249	94,621
Net underwriting income	1,580	22,468	2,227	748	27,023
General and administrative expenses					(24,258)
Realized gain on available for sale investments					354
Allowance for doubtful debts					(5,678)
Investment income					1,343
Others					1
Total other operating (expenses)					(28,238)
Total Net income for the period					(1,215)

ALLIED COOPERATIVE INSURANCE GROUP (ACIG)
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

FOR THE THREE-MONTHS AND NINE-MONTHS PERIODS ENDED 30 SEPTEMBER 2018—(continued)

15. SEGMENTAL INFORMATION - (continued)

For three-months period ended

30 September 2017 (Unaudited)

	Medical	Motor	General Accident	Others	Total
	SR '000	SR '000	SR '000	SR '000	SR '000
Revenue	35,744	70,225	3,629	3,200	112,798
Gross premiums written					
Less: Premiums ceded					
- Local	(1,176)	-	(9)	(194)	(1,379)
- Foreign	(7,057)	-	(1,071)	(2,905)	(11,033)
Excess of loss premiums	-	(1,900)	(156)	(96)	(2,152)
Net written premiums	27,511	68,325	2,393	5	98,234
Changes in net unearned premiums	(1,627)	(14,625)	175	84	(15,993)
Net premiums earned	25,884	53,700	2,568	89	82,241
Other underwriting income	3,033	2,746	-	-	5,779
Reinsurance commission earned	-	5	319	597	921
Net revenue	28,917	56,451	2,887	686	88,941
Underwriting Costs and expenses					
Gross claims paid and loss adjustment expenses	20,754	38,529	650	158	60,091
Less: Reinsurers' share	(6,375)	(9)	(144)	(148)	(6,676)
Net claims paid	14,379	38,520	506	10	53,415
Changes in outstanding claims, net	741	6,743	(424)	(16)	7,044
Changes in incurred but not reported, net	(44)	(3,301)	-	-	(3,345)
Net claims incurred	15,076	41,962	82	(6)	57,114
Policy acquisition cost	2,580	4,315	293	141	7,329
Other underwriting expense	(100)	419	-	-	319
Total underwriting costs and expenses	17,556	46,696	375	135	64,762
Net underwriting (loss)/income	11,361	9,755	2,512	551	24,179
General and administrative expenses					(20,383)
Realized gain on available for sale investments					811
Allowance for doubtful debts					(840)
Investment income					497
Other income					52
Total other operating (expenses)					(19,863)
Total Net income for the period					4,316

ALLIED COOPERATIVE INSURANCE GROUP (ACIG)
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

FOR THE THREE-MONTHS AND NINE-MONTHS PERIODS ENDED 30 SEPTEMBER 2018--(continued)

15. SEGMENTAL INFORMATION - (continued)

For nine-months period ended

30 September 2018 (Unaudited)

	Medical	Motor	General Accident	Others	Total
Revenue	SR '000	SR '000	SR '000	SR '000	SR '000
Gross premiums written	125,255	252,252	6,224	10,893	394,624
Less: Premiums ceded					
- Local	(2,556)	-	(38)	(698)	(3,292)
- Foreign	(17,001)	(84)	(2,070)	(8,945)	(28,100)
Excess of loss premiums	-	(3,635)	(695)	(264)	(4,594)
Net written premiums	105,698	248,533	3,421	986	358,638
Changes in net unearned premiums	(25,445)	(23,159)	3,597	(42)	(45,049)
Net premiums earned	80,253	225,374	7,018	944	313,589
Other underwriting Income	4,708	6,380	-	-	11,088
Reinsurance commission earned	-	11	419	1,514	1,944
Total revenues	84,961	231,765	7,437	2,458	326,621
Underwriting Costs and expenses					
Gross claims paid and loss adjustment expenses	80,558	156,408	523	488	237,977
Less: Reinsurers' share	(23,373)	(3,804)	(29)	(425)	(27,631)
Net claims paid	57,185	152,604	494	63	210,346
Changes in outstanding claims, net	5,680	3,262	582	32	9,556
Changes in incurred but not reported, net	5,219	1,351	-	-	6,570
Net claims incurred	68,084	157,217	1,076	95	226,472
Policy acquisition cost	7,519	11,922	688	553	20,682
Other underwriting expense	805	1,227	-	-	2,032
Total underwriting costs and expenses	76,408	170,366	1,764	648	249,186
Net underwriting income	8,553	61,399	5,673	1,810	77,435
General and administrative expenses					(67,691)
Realized gain on available for sale investments					1,430
Allowance for doubtful debts					(6,914)
Investment income					3,508
Impairment on available for sale investments					(2,797)
Other income					7
Total other operating expenses					(72,457)
Total Net income for the period					4,978

ALLIED COOPERATIVE INSURANCE GROUP (ACIG)
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

FOR THE THREE-MONTHS AND NINE-MONTHS PERIODS ENDED 30 SEPTEMBER 2018--(continued)

15. SEGMENTAL INFORMATION - (continued)

For nine-months period ended
30 September 2017 (Unaudited)

	Medical	Motor	General Accident	Others	Total
	SR '000	SR '000	SR '000	SR '000	SR '000
Revenue	91,700	178,810	14,430	11,927	296,867
Gross premiums written					
Less: Premiums ceded					
- Local	(2,847)	-	(32)	(764)	(3,643)
- Foreign	(19,871)	(106)	(5,196)	(10,617)	(35,790)
Excess of loss premiums	-	(3,600)	(469)	(285)	(4,354)
Net written premiums	68,982	175,104	8,733	261	253,080
Changes in net unearned premiums	22,194	(5,906)	(661)	(14)	15,613
Net premiums earned	91,176	169,198	8,072	247	268,693
Other underwriting income	4,009	6,708	-	-	10,717
Reinsurance commission earned	-	13	953	1,506	2,472
Total revenues	95,185	175,919	9,025	1,753	281,882
Underwriting Costs and expenses					
Gross claims paid and loss adjustment expenses	72,165	146,205	2,010	189	220,569
Less: Reinsurers' share	(22,571)	(231)	(1,168)	(181)	(24,151)
Net claims paid	49,594	145,974	842	8	196,418
Changes in outstanding claims, net	(12)	7,586	5	56	7,635
Changes in incurred but not reported, net	(44)	(15,796)	-	-	(15,840)
Net claims incurred	49,538	137,764	847	64	188,213
Policy acquisition cost	9,136	13,951	818	414	24,319
Other underwriting expense	441	931	-	-	1,372
Total underwriting costs and expenses	59,115	152,646	1,665	478	213,904
Net underwriting income	36,070	23,273	7,360	1,275	67,978
General and administrative expenses					(56,341)
Realized gain on available for sale investments					3,569
Allowance for doubtful debts					(421)
Investment income					1,856
Other income					237
Total other operating (expenses)					(51,100)
Total Net income for the period					16,878

ALLIED COOPERATIVE INSURANCE GROUP (ACIG)
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

FOR THE THREE-MONTHS AND NINE-MONTHS PERIODS ENDED 30 SEPTEMBER 2018—(continued)

15. SEGMENTAL INFORMATION - (continued)

As at 30 September 2018 (Unaudited)	Medical	Motor	General accident	Others	Total – Insurance operation	Shareholders' operations	Total
Assets							
Cash and cash equivalents	-	-	-	-	97,991	8,521	106,512
Term Deposits	-	-	-	-	138,256	48,982	187,238
Premiums and reinsurers' receivable - net	-	-	-	-	125,564	-	125,564
Reinsurers' share of unearned premiums	12,002	50	1,927	9,568	23,547	-	23,547
Reinsurers' share of outstanding claims	4,269	2,869	2,859	502	10,499	-	10,499
Reinsurers' share of claims Incurred but not reported	3,512	-	1,574	2,213	7,299	-	7,299
Deferred policy acquisition costs	6,093	4,300	941	223	11,557	-	11,557
Unallocated assets	-	-	-	-	40,139	87,712	127,851
Total Assets	25,876	7,219	7,301	12,506	454,852	145,215	600,067
Liabilities							
Policyholders claims payable	-	-	-	-	1,651	-	1,651
Reinsurers' balances payable	-	-	-	-	22,755	-	22,755
Unearned reinsurance commission	-	10	254	264	528	-	528
Unearned premiums	76,970	176,807	15,051	10,047	278,875	-	278,875
Other technical reserves	-	-	-	60	60	-	60
Outstanding claims	17,552	20,647	5,400	698	44,297	-	44,297
Claims incurred but not reported	14,251	38,498	2,852	2,354	57,955	-	57,955
Unallocated liabilities and equity	-	-	-	-	48,731	145,215	193,946
Total liabilities	108,773	235,962	23,557	13,423	454,852	145,215	600,067

ALLIED COOPERATIVE INSURANCE GROUP (ACIG)
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

FOR THE THREE-MONTHS AND NINE-MONTHS PERIODS ENDED 30 SEPTEMBER 2018—(continued)

15. SEGMENTAL INFORMATION - (continued)

As at 31 December 2017 (Audited)

	Medical	Motor	General accident	Others	Total – Insurance operation	Shareholders' operations	Total
Assets							
Cash and cash equivalents	-	-	-	-	44,283	33,315	77,598
Term deposits	-	-	-	-	147,249	37,751	185,000
Premiums and reinsurers' receivable - net	31,670	30,240	315	24,700	86,925	-	86,925
Reinsurers' share of unearned premiums	11,954	20	3,085	14,437	29,476	-	29,476
Reinsurers' share of outstanding claims	3,816	4,228	1,632	5,898	15,574	-	15,574
Reinsurers' share of claims Incurred but not reported	2,812	-	1,574	2,213	6,599	-	6,599
Deferred policy acquisition costs	3,964	9,884	1,217	271	15,336	-	15,336
Unallocated assets	-	-	-	-	42,887	70,402	113,289
Total Assets	54,216	44,372	7,803	47,519	388,329	141,468	529,797
Liabilities							
Policyholders claims payable	-	-	-	-	2,517	-	2,517
Reinsurers' balances payable	-	-	-	-	23,731	-	23,731
Unearned reinsurance commission	-	4	343	473	820	-	820
Unearned premiums	51,478	153,618	19,786	14,872	239,754	-	239,754
Other technical reserves	-	-	-	60	60	-	60
Outstanding claims	11,420	16,352	3,591	6,062	37,425	-	37,425
Claims incurred but not reported	8,331	37,146	2,852	2,354	50,683	-	50,683
Unallocated liabilities and equity	-	-	-	-	33,339	141,468	174,807
Total liabilities	71,229	207,120	26,572	23,821	388,329	141,468	529,797

ALLIED COOPERATIVE INSURANCE GROUP (ACIG)
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE-MONTHS AND NINE-MONTHS PERIODS ENDED 30 SEPTEMBER 2018—(continued)

16. SUPPLEMENTARY INFORMATION

Interim condensed statement of financial position	30 September 2018 (Unaudited)			31 December 2017 (Audited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
Assets						
Cash and cash equivalents	97,991	8,521	106,512	44,283	33,315	77,598
Term deposits	138,256	48,982	187,238	147,249	37,751	185,000
Premiums and reinsurers' receivable - net	125,564	-	125,564	86,925	-	86,925
Reinsurers' share of unearned premium	23,547	-	23,547	29,476	-	29,476
Reinsurers' share of outstanding claims	10,499	-	10,499	15,574	-	15,574
Reinsurers' share of claims incurred but not reported	7,299	-	7,299	6,599	-	6,599
Deferred policy acquisition cost	11,557	-	11,557	15,336	-	15,336
Due from a related party	1,805	-	1,805	2,247	-	2,247
Prepaid expenses and other receivables	29,230	6,084	35,314	33,230	5,527	38,757
Property and equipment, net	9,104	-	9,104	7,410	-	7,410
Available for sale Investments	-	60,308	60,308	-	43,723	43,723
Accrued income on statutory deposit	-	1,320	1,320	-	1,152	1,152
Statutory deposit	-	20,000	20,000	-	20,000	20,000
TOTAL ASSETS	454,852	145,215	600,067	388,329	141,468	529,797
Liabilities						
Policyholders claims payable	1,651	-	1,651	2,517	-	2,517
Accrued and other payables	33,949	20	33,969	20,444	254	20,698
Reinsurers' balances payable	22,755	-	22,755	23,731	-	23,731
Unearned reinsurance commission income	528	-	528	820	-	820
Unearned premiums	278,875	-	278,875	239,754	-	239,754
Other technical reserves	60	-	60	60	-	60
Outstanding claims	44,297	-	44,297	37,425	-	37,425
Claims incurred but not reported	57,955	-	57,955	50,683	-	50,683
Employees' terminal benefits	9,434	-	9,434	8,287	-	8,287
Surplus distribution payable	5,348	-	5,348	4,608	-	4,608
Zakat and income tax	-	4,008	4,008	-	2,128	2,128
Accrued commission on statutory deposit payable to SAMA	-	1,320	1,320	-	1,152	1,152
TOTAL LIABILITIES	454,852	5,348	460,200	388,329	3,534	391,863

ALLIED COOPERATIVE INSURANCE GROUP (ACIG)
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

FOR THE THREE-MONTHS AND NINE-MONTHS PERIODS ENDED 30 SEPTEMBER 2018—(continued)

16. SUPPLEMENTARY INFORMATION (continued)

	30 September 2018 (Unaudited)			31 December 2017 (Audited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
SHAREHOLDERS' EQUITY						
Share capital	-	200,000	200,000	-	200,000	200,000
Accumulated losses	-	(58,250)	(58,250)	-	(57,827)	(57,827)
Fair value reserve on investments	-	(1,883)	(1,883)	-	(4,239)	(4,239)
Total shareholders' equity	-	139,867	139,867	-	137,934	137,934
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	454,852	145,215	600,067	388,329	141,468	529,797

ALLIED COOPERATIVE INSURANCE GROUP (ACIG)
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

FOR THE THREE-MONTHS AND NINE-MONTHS PERIODS ENDED 30 SEPTEMBER 2018--(continued)

16. SUPPLEMENTARY INFORMATION (continued)

Interim condensed statement of income

For three-months period ended

30 September (Unaudited)

	2018			2017		
	Insurance operations SR '000	Shareholders' operations SR '000	Total SR '000	Insurance operations SR '000	Shareholders' operations SR '000	Total SR '000
Revenue						
Gross premiums written	164,543	-	164,543	112,798	-	112,798
Less: Premiums ceded						
- Local	(1,110)	-	(1,110)	(1,379)	-	(1,379)
- Foreign	(11,085)	-	(11,085)	(11,033)	-	(11,033)
Excess of loss premiums	(1,238)	-	(1,238)	(2,152)	-	(2,152)
Net written premiums	151,110	-	151,110	98,234	-	98,234
Changes in net unearned premiums	(33,742)	-	(33,742)	(15,993)	-	(15,993)
Net premiums earned	117,368	-	117,368	82,241	-	82,241
Other underwriting income	3,590	-	3,590	5,779	-	5,779
Reinsurance commission earned	686	-	686	921	-	921
Total revenues	121,644	-	121,644	88,941	-	88,941
Underwriting Costs and expenses						
Gross claims paid	86,663	-	86,663	60,091	-	60,091
Less: Reinsurers' share of claims paid	(7,842)	-	(7,842)	(6,676)	-	(6,676)
Net claims and other benefits paid	78,821	-	78,821	53,415	-	53,415
Changes in outstanding claims, net	5,191	-	5,191	7,044	-	7,044
Changes in incurred but not reported, net	3,004	-	3,004	(3,345)	-	(3,345)
Net claims and other benefits incurred	87,016	-	87,016	57,114	-	57,114
Policy acquisition cost	6,564	-	6,564	7,329	-	7,329
Other underwriting expense	1,041	-	1,041	319	-	319
Total underwriting costs and expenses	94,621	-	94,621	64,762	-	64,762
Net underwriting income	27,023	-	27,023	24,179	-	24,179
General and administrative expenses	(23,575)	(683)	(24,258)	(19,940)	(443)	(20,383)
Realized gain on available for sale investments	-	354	354	-	811	811
Allowance for doubtful debts	(5,678)	-	(5,678)	(840)	-	(840)
Investment income	1,111	232	1,343	380	117	497
Impairment on available for sale investments	-	-	-	-	-	-
Other income	1	-	1	52	-	52
Total other operating (expenses) / income	(28,141)	(97)	(28,238)	(20,348)	485	(19,863)
Net Surplus	(1,118)	(97)	(1,215)	3,831	485	4,316
Surplus transferred to Shareholders	1,006	(1,006)	-	(3,448)	3,448	-
Net result after transfer of surplus to shareholders	(112)	(1,103)	(1,215)	383	3,933	4,316

ALLIED COOPERATIVE INSURANCE GROUP (ACIG)
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE-MONTHS AND NINE-MONTHS PERIODS ENDED 30 SEPTEMBER 2018--(continued)

16. SUPPLEMENTARY INFORMATION (continued)

	2018			2017		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
For three-months period ended 30 September (Unaudited)						
Earnings per share (Expressed in SAR per share)						
Basic EPS	-	(0.06)	(0.06)	-	0.20	0.20
Interim statement of comprehensive income						
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	SR '000	SR '000	SR '000	SR '000	SR '000	SR '000
Shareholders' absorption of deficit/ (Surplus transferred to Shareholders)	(112)	(1,103)	(1,215)	383	3,933	4,316
Other comprehensive income/(loss)						
Items that are or may be reclassified to interim condensed statement of income in subsequent periods:						
Impairment on available for sale investments	-	-	-	-	-	-
Net change in fair value of available for sale investments	-	(474)	(474)	-	(118)	(118)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	(112)	(1,577)	(1,689)	383	3,815	4,198

ALLIED COOPERATIVE INSURANCE GROUP (ACIG)
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

FOR THE THREE-MONTHS AND NINE-MONTHS PERIODS ENDED 30 SEPTEMBER 2018—(continued)

16. SUPPLEMENTARY INFORMATION (continued)

Interim condensed statement of income

For nine-months period ended

30 September (Unaudited)

	2018			2017		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	SR '000	SR '000	SR '000	SR '000	SR '000	SR '000
Revenue						
Gross premiums written	394,624	-	394,624	296,867	-	296,867
Less: Premiums ceded						
- Local	(3,292)	-	(3,292)	(3,643)	-	(3,643)
- Foreign	(28,100)	-	(28,100)	(35,790)	-	(35,790)
Excess of loss premiums	(4,594)	-	(4,594)	(4,354)	-	(4,354)
Net written premiums	358,638	-	358,638	253,080	-	253,080
Changes in net unearned premiums	(45,049)	-	(45,049)	15,613	-	15,613
Net premiums earned	313,589	-	313,589	268,693	-	268,693
Other underwriting Income	11,088	-	11,088	10,717	-	10,717
Reinsurance commission earned	1,944	-	1,944	2,472	-	2,472
Total revenues	326,621	-	326,621	281,882	-	281,882
Underwriting Costs and expenses						
Gross claims paid	237,977	-	237,977	220,569	-	220,569
Less: Reinsurers' share of claims paid	(27,631)	-	(27,631)	(24,151)	-	(24,151)
Net claims and other benefits paid	210,346	-	210,346	196,418	-	196,418
Changes in outstanding claims, net	9,556	-	9,556	7,635	-	7,635
Changes in incurred but not reported, net	6,570	-	6,570	(15,840)	-	(15,840)
Net claims and other benefits incurred	226,472	-	226,472	188,213	-	188,213
Policy acquisition cost	20,682	-	20,682	24,319	-	24,319
Other underwriting expense	2,032	-	2,032	1,372	-	1,372
Total underwriting costs and expenses	249,186	-	249,186	213,904	-	213,904
Net underwriting income	77,435	-	77,435	67,978	-	67,978
General and administrative expenses	(66,027)	(1,664)	(67,691)	(54,925)	(1,416)	(56,341)
Realized gain on available for sale investments	-	1,430	1,430	-	3,569	3,569
Allowance for doubtful debts	(6,914)	-	(6,914)	(421)	-	(421)
Investment income	2,901	607	3,508	1,409	447	1,856
Impairment on available for sale investments	-	(2,797)	(2,797)	-	-	-
Other income	7	-	7	237	-	237
Total other operating (expenses) / income	(70,033)	(2,424)	(72,457)	(53,700)	2,600	(51,100)
Net Surplus	7,402	(2,424)	4,978	14,278	2,600	16,878
Surplus transferred to Shareholders	(6,662)	6,662	-	(12,850)	12,850	-
Net result after transfer of surplus to shareholders	740	4,238	4,978	1,428	15,450	16,878

ALLIED COOPERATIVE INSURANCE GROUP (ACIG)
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE-MONTHS AND NINE-MONTHS PERIODS ENDED 30 SEPTEMBER 2018--(continued)

16. SUPPLEMENTARY INFORMATION (continued)

	2018			2017		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
For nine-months period ended 30 September (Unaudited)						
Earnings per share (Expressed in SAR per share)						
Basic EPS	-	0.21	0.21	-	0.77	0.77
Interim condensed statement of comprehensive income						
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	SR '000	SR '000	SR '000	SR '000	SR '000	SR '000
Shareholders' absorption of deficit / (Surplus transferred to Shareholders)	740	4,238	4,978	1,428	15,450	16,878
Other comprehensive income/(loss)						
Items that are or may be reclassified to consolidated statement of income in subsequent periods:						
Impairment on available for sale investment	-	2,797	2,797	-	-	-
Net change in fair value of available for sale investments	-	(441)	(441)	-	(2,053)	(2,053)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	740	6,594	7,334	1,428	13,397	14,825

ALLIED COOPERATIVE INSURANCE GROUP (ACIG)
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

FOR THE THREE-MONTHS AND NINE-MONTHS PERIODS ENDED 30 SEPTEMBER 2018--(continued)

16. SUPPLEMENTARY INFORMATION (continued)

Interim condensed statement of cash flow

For nine-months period ended
30 September (Unaudited)

	2018			2017		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	SR '000	SR '000	SR '000	SR '000	SR '000	SR '000
CASH FLOWS FROM OPERATING ACTIVITIES						
Net profit for the period	740	4,238	4,978	1,428	15,450	16,878
Adjustments for non-cash items:						
Depreciation	1,875	-	1,875	2,015	-	2,015
Employees' terminal benefits	1,711	-	1,711	1,469	-	1,469
Allowance for/(Reversal of) doubtful debts	6,914	-	6,914	421	-	421
Impairment on available for sale investments	-	2,797	2,797	-	-	-
Realized gain on available for sale investments	-	(1,430)	(1,430)	-	(3,569)	(3,569)
<i>Changes in operating assets and liabilities:</i>						
Premiums and reinsurers' receivable	(45,553)	-	(45,553)	(3,994)	-	(3,994)
Reinsurers' share of unearned premiums	5,929	-	5,929	6,287	-	6,287
Reinsurers' share of outstanding claims	5,075	-	5,075	(1,420)	-	(1,420)
Reinsurers' share of claims Incurred but not reported	(700)	-	(700)	25	-	25
Deferred policy acquisition cost	3,779	-	3,779	2,830	-	2,830
Due from related party	442	-	442	(1,032)	-	(1,032)
Prepayments and other receivables	4,000	(557)	3,443	(7,316)	(752)	(8,068)
Policyholders claim payable	(866)	-	(866)	(2,309)	-	(2,309)
Due to related party	-	-	-	-	-	-
Reinsurance payable	(976)	-	(976)	(7,688)	-	(7,688)
Unearned commission income	(292)	-	(292)	(222)	-	(222)
Unearned premiums	39,121	-	39,121	(21,899)	-	(21,899)
Outstanding claims	6,872	-	6,872	9,025	-	9,025
Claims incurred but not reported	7,272	-	7,272	(15,840)	-	(15,840)
Accrued and other payables	13,505	(234)	13,271	6,956	(13)	6,943
	48,848	4,814	53,662	(31,264)	11,116	(20,148)
End-of-service indemnities paid	(564)	-	(564)	(163)	-	(163)
Surplus paid to policy holders	-	-	-	(1,087)	-	(1,087)
Zakat and income tax paid	-	(2,781)	(2,781)	-	(1,530)	(1,530)
Net cash generated / (used in) operating activities	48,284	2,033	50,317	(32,514)	9,586	(22,928)

ALLIED COOPERATIVE INSURANCE GROUP (ACIG)
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

FOR THE THREE-MONTHS AND NINE-MONTHS PERIODS ENDED 30 SEPTEMBER 2018—(continued)

16. SUPPLEMENTARY INFORMATION (continued)

	2018			2017		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
For nine-months period ended 30 September (Unaudited)	SR '000	SR '000	SR '000	SR '000	SR '000	SR '000
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchase of property and equipment	(3,571)	-	(3,571)	(1,392)	-	(1,392)
Proceed from sale of property and equipment	2	-	2	-	-	-
Purchases of available for sale investments	-	(17,301)	(17,301)	-	(13,543)	(13,543)
Proceed from sale of available for sale investments	-	1,705	1,705	-	12,245	12,245
Sale/(Purchase) of investment	8,993	(11,231)	(2,238)	(147,249)	(37,751)	(185,000)
Net cash generated from/(used in) investing activities	5,424	(26,827)	(21,403)	(148,641)	(39,049)	(187,690)
Net changes in cash and cash equivalents	53,708	(24,794)	28,914	(181,155)	(29,463)	(210,618)
Cash and cash equivalents at the beginning of the period	44,283	33,315	77,598	204,500	54,351	258,851
Cash and cash equivalents at the end of the period	97,991	8,521	106,512	23,345	24,888	48,233

17. CONTINGENT LIABILITY

As at 30 September 2018, the Company has a letter of guarantee amounting to SR 1.83 million (31 December 2017: SR 1.83 million) in favor of GAZT (See Note 10). A margin of SR 1.83 million (31 December 2017: SR 1.83 million) being deposited with a bank for this purpose and is included in prepayments and other receivables in the interim statement of financial position. The Company has paid the assessment amount and requested for release of above mentioned guarantee amount.

18. COMPARATIVE FIGURES

Certain of the prior year amounts have been reclassified to conform to the presentation in the current year.

19. APPROVAL OF INTERIM CONDENSED FINANCIAL INFORMATION

These interim condensed financial information have been approved by the board of directors on 31 October 2018 corresponding to 22 Safar 1440H.