

**THE MEDITERRANEAN & GULF COOPERATIVE
INSURANCE AND REINSURANCE COMPANY**

(A SAUDI JOINT STOCK COMPANY)

**UNAUDITED INTERIM CONDENSED FINANCIAL INFORMATION
AND INDEPENDENT AUDITORS' REVIEW REPORT**

FOR THE THREE AND NINE MONTH PERIOD ENDED SEPTEMBER 30, 2022

**THE MEDITERRANEAN & GULF COOPERATIVE INSURANCE AND REINSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

**UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTH PERIOD ENDED SEPTEMBER 30, 2022**

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**Crowe**

Al Azem, Al Sudairy, Al Shaikh & Partners
For Professional Consulting
Member Crowe Global

**AlKharashi & Co.**

Certified Accountants And Auditors

INDEPENDENT AUDITORS' REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL INFORMATION TO THE SHAREHOLDERS OF THE MEDITERRANEAN AND GULF COOPERATIVE INSURANCE AND REINSURANCE COMPANY (A SAUDI JOINT STOCK COMPANY)

INTRODUCTION

We have reviewed the accompanying interim condensed statement of financial position of The Mediterranean and Gulf Cooperative Insurance and Reinsurance Company (a Saudi Joint Stock Company) (the "Company") as at 30 September 2022 and the related interim condensed statements of income and comprehensive income for the three and nine months period then ended and interim condensed statements 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) as 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 Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity", as endorsed in the Kingdom of Saudi Arabia. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing 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 as endorsed in the Kingdom of Saudi Arabia.

EMPHASIS OF MATTER

We draw attention to note 2 to the accompanying interim condensed financial information. The Company did not meet the solvency margin requirements as at 30 September 2022. The deficiency in solvency margin indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. However, the accompanying interim condensed financial information are prepared using the going-concern assumption based on management's assessment on Company's ability to continue as a going-concern. Our conclusion is not modified with respect to this matter.

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07 November 2022
13 Rabi ul Thani 1444H



**THE MEDITERRANEAN & GULF COOPERATIVE INSURANCE AND REINSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2022

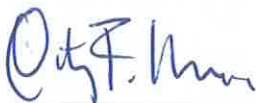
AS AT SEPTEMBER 30, 2022

		SAR '000	
	Notes	September 30, 2022	December 31, 2021
		(Unaudited)	(Audited)
ASSETS			
Cash and cash equivalents	6	551,349	597,682
Short term deposits	7	150,000	50,000
Premium and reinsurers' receivable, net	8	899,410	838,577
Reinsurers' share of unearned premiums	10 c	230,752	260,855
Reinsurers' share of outstanding claims	10 a	385,014	546,540
Reinsurers' share of claims incurred but not reported	10 a	101,619	179,028
Deferred policy acquisition costs		74,045	49,897
Due from related parties, net	9	1,994	1,994
Prepayment and other assets, net		261,997	231,611
Available for sale investments	12	741,139	662,439
Right of use assets, net		5,461	8,129
Property and equipment, net		47,434	46,464
Intangible assets, net		24,496	12,108
Statutory deposit	13	157,500	120,000
Investment in an associate	11	11,799	11,799
Accrued commission on statutory deposit	19	30,078	28,158
Goodwill	14	480,000	480,000
TOTAL ASSETS		4,154,087	4,125,281

The accompanying notes 1 to 25 form an integral part of these interim condensed financial statements.



Chairman of the
Board of Directors



Chief Executive Officer



Chief Financial Officer

**THE MEDITERRANEAN & GULF COOPERATIVE INSURANCE AND REINSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION (Continued)

AS AT SEPTEMBER 30, 2022

AS AT SEPTEMBER 30, 2022

		SAR '000	
	Notes	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
<u>LIABILITIES</u>			
Accrued expenses and other liabilities		326,585	265,167
Accounts and commission payable		130,815	256,861
Lease liability		4,006	8,534
Reinsurers' balances payable		229,870	155,259
Gross unearned premiums	10 c	1,171,513	897,653
Unearned reinsurance commission		26,591	18,034
Gross outstanding claims	10 a	567,323	743,807
Claims incurred but not reported	10 a	568,504	463,364
Premium deficiency reserve	10 b	105,729	77,810
Other technical reserves	10 b	67,039	65,942
Due to a related party	9	1,682	2,048
End of service indemnities		20,108	28,770
Surplus distribution payable		76,143	82,762
Zakat & income tax	17 b	3,000	14,025
Deferred tax liability		3,188	2,438
Accrued commission income payable to SAMA	19	30,078	28,158
TOTAL LIABILITIES		3,332,174	3,110,632
<u>EQUITY</u>			
Share capital	18 a	1,050,000	1,050,000
Share Premium		70,000	70,000
Statutory reserve	16	26,135	26,135
Accumulated losses		(310,128)	(147,611)
Re-measurement of defined benefit liability – employees benefits		(9,557)	(9,557)
Fair values reserve on investments	12	(4,537)	25,682
TOTAL EQUITY		821,913	1,014,649
<u>TOTAL LIABILITIES AND EQUITY</u>		4,154,087	4,125,281
COMMITMENTS AND CONTINGENCIES	21		

The accompanying notes 1 to 25 form an integral part of these interim condensed financial statements.

Chairman of the
Board of Directors

Chief Executive Officer

Chief Financial Officer

THE MEDITERRANEAN & GULF COOPERATIVE INSURANCE AND REINSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF INCOME

FOR THE THREE AND NINE MONTH PERIOD ENDED SEPTEMBER 30, 2022

	Notes	SAR'000			
		For the three month period ended		For the nine month period ended	
		30-Sep-22 (Unaudited)	30-Sep-21 (Unaudited)	30-Sep-22 (Unaudited)	30-Sep-21 (Unaudited)
REVENUES					
Gross premiums written					
-Direct		523,189	378,230	2,145,293	1,699,890
-Reinsurance		-	-	-	-
		523,189	378,230	2,145,293	1,699,890
Reinsurance premiums ceded					
-Local		(6,610)	(31,644)	(14,423)	(146,624)
-Abroad		(113,286)	(305,873)	(294,085)	(525,166)
		(119,896)	(337,517)	(308,508)	(671,790)
Excess of loss expenses – foreign		(4,691)	(15,260)	(14,074)	(45,779)
Net written premiums		398,602	25,453	1,822,711	982,321
Changes in unearned premiums, net		136,307	250,079	(303,963)	204,708
Net premiums earned		534,909	275,532	1,518,748	1,187,029
Re-insurance commissions		8,735	47,609	42,642	82,549
TOTAL REVENUES		543,644	323,141	1,561,390	1,269,578
UNDERWRITING COSTS AND EXPENSES					
Gross claims paid		(593,273)	(605,388)	(1,610,313)	(1,612,494)
Expenses incurred related to claims		(10,822)	(6,548)	(22,177)	(16,563)
Hospital discount		28,737	30,574	80,028	71,936
Reinsurers' share of claims paid		68,939	233,961	297,140	490,870
Net claims and other benefits paid		(506,419)	(347,401)	(1,255,322)	(1,066,251)
Changes in outstanding claims, net		124,463	82,513	14,958	23,503
Changes in incurred but not reported claims, net		(146,598)	20,350	(182,548)	49,942
Net claims and other benefits incurred		(528,554)	(244,538)	(1,422,912)	(992,806)
Changes in premium deficiency reserve		42,553	(13,759)	(27,919)	(21,986)
Other technical reserves		(2,362)	849	(1,097)	1,945
Policy acquisition costs		(30,797)	(28,883)	(66,112)	(73,034)
TOTAL UNDERWRITING COSTS AND EXPENSES		(519,160)	(286,331)	(1,518,040)	(1,085,881)
NET UNDERWRITING INCOME		24,484	36,810	43,350	183,697
OTHER OPERATING (EXPENSES)/ INCOME					
(Allowance for)/ Reversal of doubtful debts		3,496	11,548	(6,216)	22,858
General and administrative expenses		(82,218)	(89,506)	(264,168)	(246,913)
Special commission income		8,041	5,621	17,308	12,104
Income from investment in associate		-	-	-	1,378
Dividend income		1,253	2,231	6,034	5,953
Realized gain on available for sale investment		1,313	8,354	28,306	13,298
Other income		1,502	1,562	2,594	2,622
TOTAL OTHER OPERATING EXPENSES		(66,613)	(60,190)	(216,142)	(188,700)
NET (LOSS)/ INCOME FOR THE PERIOD BEFORE APPROPRIATION AND BEFORE ZAKAT AND INCOME TAX		(42,129)	(23,380)	(172,792)	(5,003)
Net income attributed to insurance operation		-	-	-	-
NET (LOSS)/INCOME FOR THE PERIOD AFTER APPROPRIATION AND BEFORE ZAKAT AND INCOME TAX		(42,129)	(23,380)	(172,792)	(5,003)
INCOME TAX					
Zakat and income tax					
Current zakat and income tax	17 a	13,025	(2,000)	11,025	(6,000)
Deferred tax	17 b	(250)	(250)	(750)	(750)
NET (LOSS)/ INCOME FOR THE PERIOD		(29,354)	(25,630)	(162,517)	(11,753)
(Loss)/Earnings per share					
(Loss)/Earnings per share (SAR per share)	18 b	(0.28)	(0.24)	(1.55)	(0.11)

Restated

Restated

The accompanying notes 1 to 25 form an integral part of these interim condensed financial statements.

Chairman of the Board of Directors

Chief Executive Officer

Chief Financial Officer

**THE MEDITERRANEAN & GULF COOPERATIVE INSURANCE AND REINSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

**INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE AND NINE MONTH PERIOD ENDED SEPTEMBER 30, 2022**

		SAR'000			
		For the three month period ended		For the nine month period ended	
Notes		30-Sep-22 (Unaudited)	30-Sep-21 (Unaudited)	30-Sep-22 (Unaudited)	30-Sep-21 (Unaudited)
	Net (loss)/income for the period	(29,354)	(25,630)	(162,517)	(11,753)
	Other comprehensive income / (loss)				
	Items that are or may be reclassified to statement of income in subsequent periods				
	<u>Available for sale investments</u>				
	- Net change in fair values, insurance operations	12 364	71	561	214
	- Net change in fair values, shareholders' operations	12 (28,896)	(5,781)	(30,780)	(2,441)
	<u>TOTAL COMPREHENSIVE (LOSS)/ INCOME FOR THE PERIOD</u>	(57,886)	(31,340)	(192,736)	(13,980)

The accompanying notes 1 to 25 form an integral part of these interim condensed financial statements.


Chairman of the
Board of Directors


Chief Executive Officer


Chief Financial Officer

**THE MEDITERRANEAN & GULF COOPERATIVE INSURANCE AND REINSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2022

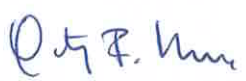
(SAR in '000')

	Notes	Share capital	Share Premium	Statutory reserve	Accumulated losses	Fair values reserve on investments	Re-measurement of defined benefit liability – employees benefits	Total
Balance as at January 1, 2022 (Audited)		1,050,000	70,000	26,135	(147,611)	25,682	(9,557)	1,014,649
Total comprehensive (loss) for the period:								
Net loss for the period		-	-	-	(162,517)	-	-	(162,517)
-Change in fair values	12 a&b	-	-	-	-	(30,219)	-	(30,219)
Balance as at September 30, 2022 (Unaudited)		1,050,000	70,000	26,135	(310,128)	(4,537)	(9,557)	821,913

	Share capital	Share Premium	Statutory reserve	Accumulated losses/retained earnings	Fair values reserve on investments	Re-measurement of defined benefit liability – employees benefits	Total
Balance as at January 1, 2021 (Audited)	800,000	-	26,135	(99,569)	38,636	(5,505)	759,697
Capital Reduction	(100,000)	-	-	100,000	-	-	-
Total comprehensive income for the period:							
-Net income for the period	-	-	-	(11,753)	-	-	(11,753)
-Change in fair values	-	-	-	-	(2,227)	-	(2,227)
Balance as at September 30, 2021 (Unaudited)	700,000		26,135	(11,322)	36,409	(5,505)	745,717

The accompanying notes 1 to 25 form an integral part of these interim condensed financial statements.


Chairman of the
Board of Directors


Chief Executive Officer


Chief Financial Officer

THE MEDITERRANEAN & GULF COOPERATIVE INSURANCE AND REINSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF CASH FLOWS
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2022

CASH FLOWS FROM OPERATING ACTIVITIES

Net (loss)/ income for the period before zakat and income tax

Adjustments for non-cash items:

Depreciation and amortization

Income from investment in associate

Realized gain on available for sale investment

Realized gain on investment

Allowance for / (Reversal of) doubtful debts

Provision for end of service indemnities

Changes in operating assets and liabilities:

Premiums and reinsurers' receivable

Reinsurers' share of unearned premiums

Reinsurers' share of outstanding claims

Reinsurers' share of claims Incurred but not reported

Deferred policy acquisition costs

Prepayment and other assets

Deposit against letter of guarantee

Right of use assets

Accounts and commission payable

Accrued expenses and other liabilities

Lease liability

Reinsurers' balances payable

Gross unearned premiums

Unearned reinsurance commission

Gross outstanding claims

Claims incurred but not reported

Premium deficiency reserves

Other technical reserves

Due to related party

Surplus paid to policyholders

Payment of employees end of service indemnities

Zakat and income tax paid

Net cash from operating activities

CASH FLOWS FROM INVESTING ACTIVITIES

Changes in investment in an associate

Interest on statutory deposit

Interest payable on statutory deposit

Increase in statutory deposit

Purchase of available for sale investments

Net purchase of available for sale investments

Proceeds from disposal of available for sale investments

(Placements) / proceeds in / from short term deposits

Placements in term deposits

Additions in property, equipment and intangible

Net cash used in investing activities

Net change in cash and cash equivalents

Cash and cash equivalents, beginning of the period

Cash and cash equivalents, end of the period

NON-CASH INFORMATION

Change in fair value of available for sale investments

The accompanying notes 1 to 25 form an integral part of these interim condensed financial statements.

Notes	SAR '000	
	For the nine month period ended	
	30-Sep-22 (Unaudited)	30-Sep-21 (Unaudited)
	(172,792)	(5,003)
	9,717	6,899
	-	(1,378)
	-	(13,298)
	(22,153)	-
	8,043	(22,858)
	(5,631)	(167)
	(182,816)	(35,805)
	(68,876)	180,790
	30,103	(126,356)
	161,526	(129,368)
	77,409	52,844
	(24,148)	6,241
	(30,386)	64,174
	30,312	(3,414)
	2,668	6,519
	(126,046)	(14,343)
	61,418	21,929
	(4,528)	(7,670)
	74,611	58,907
	273,860	(78,352)
	8,557	11,960
	(176,484)	105,865
	105,140	(102,786)
	27,919	21,986
	1,097	(1,945)
	(366)	75
	240,970	31,251
	(6,619)	(5,524)
	(3,031)	(3,842)
17	-	(2,742)
	231,320	19,143
	-	-
	1,920	1,348
	(1,920)	(1,348)
	(37,500)	-
	-	(242,265)
	(86,766)	-
	-	177,022
	-	(31,523)
	(100,000)	-
	(23,075)	(8,086)
	(247,341)	(104,852)
	(16,021)	(85,709)
6	477,003	338,665
6	460,982	252,956

Chairman of the

Chief Executive Officer

Chief Financial Officer

**THE MEDITERRANEAN & GULF COOPERATIVE INSURANCE AND REINSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)
FOR THE THREE AND NINE MONTH PERIOD ENDED SEPTEMBER 30, 2022**

1 ORGANIZATION AND PRINCIPAL ACTIVITIES

The Mediterranean and Gulf Cooperative Insurance and Reinsurance Company (the "Company") is a Saudi Joint Stock Company registered in the Kingdom of Saudi Arabia under Commercial Registration No. 1010231925 dated 8 Rabi Thani 1428H (corresponding to 26 April 2007). The registered address of the Company's head office is as follows:

Medgulf Insurance
Futuro Tower
King Saud Road
P.O. Box 2302
Riyadh 11451, Saudi Arabia

The objectives of the Company are to transact in cooperative insurance and reinsurance business and related activities in the Kingdom of Saudi Arabia. Its principal lines of business include medical, motor and other general insurance. The Company was listed on the Saudi Arabian Stock Exchange (Tadawul) on 28 Rabi Al-Awal 1428H (corresponding to 16

2 BASIS OF PREPARATION

Basis of presentation

The interim condensed financial information has been prepared on a historical cost basis except for the measurement at fair value of available for sale investments, investment in associates which is accounted for under equity method and recording of end of service benefits at present value under actuarial method. 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 non-current: available for sale investments, property and equipment, statutory deposit, accrued commission on statutory deposit, end-of-service indemnities, long term deposits, investment in an associate, intangible assets, right of use assets, deferred tax liability and long term portion of lease liabilities. All other financial statement line items would generally be classified as current.

Statement of compliance

The interim condensed financial information of the Company has been prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting ("IAS 34") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA) and the Regulations for Companies in the Kingdom of Saudi Arabia.

As required by Saudi Arabian insurance regulations, the Company maintains separate accounts for Insurance Operations and Shareholders' Operations and presents the interim condensed financial statements accordingly (refer note 23). The physical custody of all assets related to the Insurance Operations and Shareholders' Operations are held by the Company. Revenues and expenses clearly attributable to either activity are recorded in the respective accounts. The basis of allocation of other revenue and expenses from joint operations is as determined by the management and Board of Directors.

Functional and presentation currency

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

**THE MEDITERRANEAN & GULF COOPERATIVE INSURANCE AND REINSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)
FOR THE THREE AND NINE MONTH PERIOD ENDED SEPTEMBER 30, 2022**

2 BASIS OF PREPARATION (Continued)

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 23 of the interim condensed financial information have been provided as supplementary financial information 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 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. 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.

Going concern

The Company is yet to meet its solvency margin requirement.

The Board resolved at 18 December 2019 to reduce statutory reserve amounting to SAR 120 million against the accumulated losses which had been approved in Annual General Assembly meeting held on 3 June 2020 and adjusted accordingly. The Board of directors in their meeting held on 5 October 2020, recommended to reduce share capital by SAR 100 million, the capital reduction was approved by extraordinary general assembly dated 22 April 2021. Further Board resolved to increase capital through right issue with total proceeds of SAR 420 million, the Company obtained SAMA approval dated 06 June 2021, Capital Market Authority (CMA) approval dated 30 September 2021 and approved by the general assembly of the Company on 03 Nov 2021.

Management has performed an assessment of its going concern assumption under different scenarios. Based on the underlying cash flow projections under such scenarios, management believes that the Company will be able to continue the business and meet its obligations as and when they fall due over the next 12 months. As a result, the financial statements have been prepared on a going concern basis. Management's assessment is based on number of estimates and assumptions including significant recoveries from major policyholders, reinsurers and related parties and other cost saving measures.

3 SURPLUS DISTRIBUTION

The Company is required to distribute 10% of the net surplus from insurance operations to policyholders and the remaining 90% to be allocated to the shareholders of the Company in accordance with the Insurance Law and Implementation Regulations issued by the Saudi Arabian Monetary Authority ("SAMA"). In case of losses, losses are absorbed by shareholders.

**THE MEDITERRANEAN & GULF COOPERATIVE INSURANCE AND REINSURANCE
(A SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)
FOR THE THREE AND NINE MONTH PERIOD ENDED SEPTEMBER 30, 2022**

4 STANDARDS AND AMENDMENTS ISSUED

Standards issued but not yet effective

IFRS 9, Financial Instruments (including amendments to IFRS 4, Insurance Contracts)

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 2022. The overlay approach allows an entity to remove from profit or loss the effects of some of the accounting mismatches that may occur before the new insurance contracts standard is applied.

The Company is eligible and have chosen to apply the deferral approach under the amendments to IFRS 4. The impact of the adoption of IFRS 9 on the Company's financial information will, to a large extent, have to take into account the interaction with the forthcoming insurance contracts standard. As such, it is not possible to fully assess the effect of the adoption of IFRS 9.

IFRS 17 - "Insurance Contracts", applicable for the period beginning on or after 1 January 2023, and will supersede IFRS 4 "Insurance Contracts". Earlier adoption permitted if both IFRS 15 'Revenue from Contracts with Customers' and IFRS 9 'Financial Instruments' have also been applied. The Company expects a material impact on measurement and disclosure of insurance and reinsurance that will affect both the income statement and the balance sheet. The Company has decided not to early adopt this new standard.

**THE MEDITERRANEAN & GULF COOPERATIVE INSURANCE AND REINSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)

FOR THE THREE AND NINE MONTH PERIOD ENDED SEPTEMBER 30, 2022

5 SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

The key assumptions concerning the future and other key sources of estimation uncertainty at the date of interim condensed statement of financial position, that have a significant risk of causing a material adjustment to the carrying amounts of the assets and liabilities within the next financial year are discussed below.

i) The ultimate liability arising from claims made under insurance contracts

The estimation of the ultimate liability arising from claims made under insurance contracts is the Company's most critical accounting estimate and involves a significant degree of judgment. There are several sources of uncertainty that needed to be considered in estimating the liability that the Company will ultimately pay for such claims. The provision for claims incurred but not reported (IBNR) is an estimation of claims which are expected to be reported subsequent to the date of statement of financial position, for which the insured event has occurred prior to the date of statement of financial position. The liabilities are based on the best-estimate of ultimate cost of all claims incurred but not settled at a given date, whether reported or not, together with the related claims handling costs. The primary technique adopted by management in estimating the cost of notified and IBNR claims, is that of using the past claims settlement trends to predict future claims settlement trends.

Following are the critical areas of estimation and judgments for medical and motor business for which the Company acquires services of independent actuary to determine such reserves.

As a first step towards setting appropriate IBNR reserves for the medical and motor line of businesses, a runoff analysis is prepared to assess how the claims reserves determined at the previous valuation dates compare with actual developments. Results from runoff analysis are taken into consideration while setting reserves for IBNR claims. An analysis is carried out by using the following methods:

- Chain Ladder method - this builds up, using historical claims payment patterns, ratios of eventual cumulative claims which have been incurred in a particular year to those which have been paid as at the end of a reporting year.
- Bornhuetter Ferguson method – this is a technique that combines actual past claims experience and any prior information or expectations that might be available concerning claims, for example expected ultimate loss ratios.
- Expected Loss Ratio method – this technique determines the projected amount of claims relative to earned premiums. The method is used where the insurer lacks the appropriate past claim occurrence data because of changes in product offerings, change in claims settlement processes, etc.

Claims requiring court or arbitration decisions are estimated individually. Independent loss adjusters normally estimate property claims. Management reviews its provisions for claims incurred, and claims incurred but not reported, on quarterly basis.

The Company is exposed to disputes with, and possibility of defaults by, its reinsurers. The Company monitors on a quarterly basis the evolution of disputes with and the strength of its reinsurers.

ii) Premium deficiency reserve

Estimation of the premium deficiency for medical and motor business is highly sensitive to a number of assumptions as to the future events and conditions. It is based on an expected loss ratio for the unexpired portion of the risks for written policies. To arrive at the estimate of the expected loss ratio, the actuary looks at the claims and premiums relationship which is expected to realize in the future.

iii) Impairment of receivables

The Company assesses receivables that are individually significant and receivables included in a group of financial assets with similar credit risk characteristics for impairment. Receivables that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment. This assessment of impairment requires judgment. In making this judgment, the Company evaluates credit risk characteristics that consider past-due status being indicative of the ability to pay all amounts due as per contractual terms. During 2017, the Company has revisited its provisioning approach and significantly increased the level of provisioning in respect of insurance and reinsurance receivables due to increase in credit risk associated with the receivables.

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5 SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS (Continued)

iv) Goodwill impairment

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. Management believes that fair value less cost to sell analysis provides a higher value compared to value in use, and therefore, fair value less cost to sell analyses are used for impairment assessments. Management used a valuation expert to perform fair value less cost to sell analysis through a market based approach to test impairment. The fair value less cost to sell calculation is based on the quoted share price of the Company as of period close and subsequent events that occurred till measurement date. In arriving at the valuation under market approach, the expert also applied certain judgments and factors including analysis of price book value multiples of the comparable companies and comparable transactions.

v) Reinsurance

The Company accounts for its reinsurance transactions based on their understanding of the contractual terms of the reinsurance treaties.

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6 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the interim condensed statement of cash flows comprise the following:

	SAR'000	
	Insurance operations	
	September 30, 2022	December 31, 2021
	(Unaudited)	(Audited)
Cash and bank balances	89,491	87,035
Deposits maturing within 3 months from the acquisition date	130,000	-
Cash and cash equivalent in the statement of cash flows	219,491	87,035
Deposit against letter of guarantee	90,367	120,679
	309,858	207,714
	SAR'000	
	Shareholders' operations	
	September 30, 2022	December 31, 2021
	(Unaudited)	(Audited)
Cash and bank balances	72,491	54,968
Deposits maturing within 3 months from the acquisition date	169,000	335,000
	241,491	389,968
Cash and bank balances	551,349	597,682
Cash and cash equivalents in the statement of cash flow	460,982	477,003

Cash at banks and short-term deposits are placed with counterparties who have credit ratings equivalent to A+ to BBB ratings under Standard and Poor's, Fitch and Moody's ratings methodology.

Deposits maturing within 3 months from the acquisition date are placed with local and licensed foreign banks' branches in Kingdom of Saudi Arabia and earned special commission income at an average rate of 3.09% per annum (2021: 0.08% per annum).

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

Deposits against letters of guarantee comprise amounts placed with a local bank against issuance of payment guarantees in favor of the Company's customers and service providers (also see note 21). Such deposits against letters of guarantee cannot be withdrawn before the expiration of guarantee (are restricted in nature).

7 TERM DEPOSITS

Term deposits are placed with counterparties that have credit ratings equivalent to BBB+ to BBB ratings under Standard and Poor's, Fitch and Moody's ratings methodology.

Short term deposits

Short term deposits are placed with local and licensed foreign banks' branches in Kingdom of Saudi Arabia with a maturity of more than three months from the date of original acquisition and earned special commission income at an average rate of 3.74% per annum (2021: 1% per annum).

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8 PREMIUM AND REINSURERS' RECEIVABLE, NET

Receivables comprise amounts due from the following:

	SAR'000	
	September 30, 2022	December 31, 2021
	(Unaudited)	(Audited)
Policyholders	686,221	279,061
Brokers and agents	101,051	495,831
Premiums receivables	787,272	774,892
Less: Allowance for doubtful debts	(84,960)	(82,540)
	702,312	692,352
Reinsurers' receivable	357,200	302,531
Less: Allowance for doubtful debts	(160,102)	(156,306)
	197,098	146,225
Premium and reinsurers' receivable – net	899,410	838,577

As disclosed in note 9.c, the Company, together with CRC carried out an exercise to separate the Company's transactions and balances with the respective reinsurers and brokers from those of other related parties. This exercise is completed and Saudi Riyals 59.4 million have been identified as receivable from related party. However, the company has booked full provision for this balance and disclosed under due from other related parties in note 9.

As at September 30, 2022, the movement in the provision for doubtful debts of premium receivables was as follows:

Movement in provision for doubtful debts:

	SAR'000	
	September 30, 2022	December 31, 2021
	(Unaudited)	(Audited)
Balance at the beginning of the period / year	238,846	263,360
Write off during the period / year	-	-
Reversal / (Provision) for the period / year	6,216	(24,514)
Balance at the end of the period / year	245,062	238,846

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9 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

9.a The following are the details of major related party transactions during the period and their balances at the end of the period:

Related parties	Nature of transaction	Transactions for the Nine months period ended		Balance receivable / (payable) as at	
		September 30 , 2022	September 30, 2021	September 30, 2022	December 31, 2021
		SAR'000			
<u>Due from / to related parties</u>					
Medgulf BSC - Head office	-Balance due from at Year end	-	-	2,453	2,453
account (major shareholder)	-Allowance for doubtful debts	-	-	(2,390)	(2,390)
	-Net Balance due from at year end	-	-	63	63
Medivisa KSA (affiliate)	-Insurance premium for employees of fellow subsidiary		-	-	-
	-Third party administration fees		-	-	-
	-Claim incurred		-	-	-
	-Payment received	-	-	-	-
	-premium refundable		-	-	-
	-Payment on third party administration fees		-	-	-
	-Balance due from / (due to) at year end	-	-	1,931	1,931
Al-Waseel for Electronic Transportation (Associate)	-Claims management fee	7,027	3,629		
	-Balance due from / (due to) at year end	-	-	(1,682)	(2,048)
Total due from related parties				1,994	1,994
Total due to related parties				(1,682)	(2,048)
Other related parties transactions and balances – due from / (due to)					
The Saudi Investment Bank, (Founding shareholder)	-Current account and time deposits	(1,838)	1,724	223	2,061
	-Statutory deposit (refer note 13)	1,920	1,204	185,766	147,830
	-Gross written premiums	5,033	6,937	-	-
	-Premiums (refundable)	-	-	-	-
	-Claims incurred	220	23,228	-	-
	Outstanding claims	1,566	-	-	-
	-Balance due from / (due to) at year end	-	-	-	-
	-Claims incurred / adjustment	-	-	-	-
Medivisa KSA (affiliate)	-Medical Claim Jordan / Balance	-	-	-	-
	-Medical claim Lebanon / balance	-	-	(654)	(654)
	-Medical claim Egypt / balance	-	-	(81)	(81)

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9 TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

Related parties	Nature of transaction	Transactions for the Nine months period ended		Balance receivable / (payable) as at	
		September 30 , 2022	September 30, 2021	September 30, 2022	December 31, 2021
		SAR'000			
Other related parties transactions and balances – due from / (due to)					
Al Istithmar Capital (subsidiary of SIB-founding shareholder)	-Discretionary portfolio arrangement (refer 9)	-	-	-	-
	-Current account	(2,542)	-	-	2,542
	-Premiums refundable	-	-	-	-
Abunayyan Trading Co (Under common directorship)	-Gross written premiums	2	(281)	-	-
	-Premiums receivable-net	-	-	-	(111)
	-Allowance for doubtful debts	-	-	-	-
	-Net balance (due to) / due from at year end	-	-	-	(111)
	-Claims incurred	660	4,443	-	-
KSB Pumps Arabia (Under common directorship)	-Gross written premiums	-	(1)	-	-
	-Premiums receivable-net	-	-	-	(9)
	-Allowance for doubtful debts	-	-	-	-
	-Net balance (due to) / due from at year end	-	-	-	(9)
	-Claims incurred	94	394	-	-
Toray Membrane Middle East (Under common directorship)	-Gross written premiums	-	163	-	-
	-Premiums receivable	-	-	-	-
	-Allowance for doubtful debts	-	-	-	-
	-Net balance due from at year end	-	-	-	-
	-Claims incurred	48	661	-	-
Medgulf BSC (major shareholder)	-Claim recoveries	-	-	-	-
	-Reinsurance recovery (refer 9.a(iii))	-	-	5,203	5,203
	-Allowance for doubtful debts	-	-	(3,902)	(3,902)
	-Net balance due from at year end	-	-	1,301	1,301
Industrial Instrumentation and Control System(Under common directorship)	-Gross written premiums	-	(11)	-	-
	-Premiums receivable-net	-	-	-	(11)
	-Allowance for doubtful debts	-	-	-	-
	-Net balance (due to) / due from at year end	-	-	-	(11)
	-Claims incurred	34	412	-	-

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9 TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

Related parties	Nature of transaction	Transactions for the Nine months period ended		Balance receivable / (payable) as at	
		September 30 , 2022	September 30, 2021	September 30, 2022	December 31, 2021
		SAR'000			
Other related parties transactions and balances – due from / (due to)					
Addison Bradley Overseas /	-Balance receivable at year end	-	-	3,856	3,856
	-Allowance for doubtful debts	-	-	(3,856)	(3,856)
Addison Bradley & Co. (affiliate)	-Net balance due from at year end	-	-	-	-
Citiscap (Under common directorship)	-Gross written premiums	-	(131)	-	-
	-Premiums receivable-net	-	-	-	(95)
	-Allowance for doubtful debts	-	-	-	-
	-Net balance (due to) / due from at year end	-	-	-	(95)
	-Claims incurred	96	945	-	-
Middle East Agriculture (Under common directorship)	-Gross written premiums	-	(23)	-	-
	-Premiums receivable-net	-	-	-	(7)
	-Allowance for doubtful debts	-	-	-	-
	-Net balance (due to) / due from at year end	-	-	-	(7)
	-Claims incurred	52	525	-	-
Electronic and Electric Industry (Under common directorship)	-Gross written premiums	-	21	-	-
	-Premiums receivable	-	-	-	5
	-Allowance for doubtful debts	-	-	-	(1)
	-Net balance due from at year end	-	-	-	4
	-Claims incurred	11	326	-	-
Addison Bradley International / Medgulf Lebanon (affiliate)	-Reinsurance recovery	-	-	-	-
	-Balance receivable at year end (Refer 10.c)	-	-	59,498	59,498
	-Allowance for doubtful debts	-	-	(59,498)	(59,498)
	-Net balance due from at year end	-	-	-	-
Arabian Qudra (Under common directorship)	-Gross written premiums	-	(48)	-	-
	-Premiums receivable-net	-	-	-	(8)
	-Allowance for doubtful debts	-	-	-	-
	-Net balance (due to) / due from at year end	-	-	-	(8)
	-Claims incurred	16	290	-	-
Saudi Fransi Capital (Under common directorship)	-Investment portfolio	-	(423,600)	-	-

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9 TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

Related parties	Nature of transaction	Transactions for the Nine months period ended		Balance receivable / (payable) as at	
		September 30 , 2022	September 30, 2021	September 30, 2022	December 31, 2021
		SAR`000			
Other related parties transactions and balances – due from / (due to)					
Tumpane Jubar (Under common directorship)	-Gross written premiums	-	(42)	-	-
	-Premiums receivable-net	-	-	-	(54)
	-Allowance for doubtful debts	-	-	-	-
	-Net balance (due to) / due from at year end	-	-	-	(54)
	-Claims incurred	33	461	-	-
Addison Bradley Arabia-KSA (affiliate)	-Payment received during the period	-	-	-	-
	-Reinsurance recoveries (Refer 9.a (iv))	-	-	-	-
	-Balance due from at year end	-	-	15,623	15,623
	-Allowance for doubtful debts	-	-	(11,718)	(11,718)
	-Net balance due from at year end	-	-	3,905	3,905
Alakaria (Under common directorship)	-Gross written premiums	27	1	-	-
	-Premiums receivable	-	-	-	-
	-Allowance for doubtful debts	-	-	-	-
	-Net balance due from at year end	-	-	-	-
	-Claims incurred	(4)	10	-	-
Al Issa Group (Under common directorship)	-Gross written premiums	(186)	73,205	-	-
	-Premiums receivable	-	-	4,877	29,290
	-Allowance for doubtful debts	-	-	(1,244)	(1,168)
	-Net balance due from at year end	-	-	3,633	28,122
	-Claims incurred	(12,185)	34,542	-	-
Vision International Investment Company (Under common directorship)	-Gross written premiums	-	12	-	-
	-Premiums receivable	-	-	-	-
	-Allowance for doubtful debts	-	-	-	-
	-Net balance due from at year end	-	-	-	-
	-Claims incurred	100	447	-	-
Aloyaidi Certified Public Accountants (Under common directorship)	-Gross written premiums	-	74	-	-
	-Premiums receivable	-	-	-	-
	-Allowance for doubtful debts	-	-	-	-
	-Net balance due from at year end	-	-	-	-
	-Claims incurred	6	10	-	-

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9 TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

Related parties	Nature of transaction	Transactions for the Nine months period ended		Balance receivable / (payable) as at	
		September 30 , 2022	September 30, 2021	September 30, 2022	December 31, 2021
		SAR'000			
Other related parties transactions and balances – due from / (due to)					
Addison Bradley	-Balance due from at year end	-	-	1,472	1,472
Arabia Holding LLC (UAE) (affiliate)	-Allowance for doubtful debts	-	-	(1,472)	(1,472)
	-Net balance due from at year end (Refer 9.a (v))	-	-	-	-
Saudi Meter Company (Under common directorship)	-Gross written premiums	-	(1)	-	-
	-Premiums receivable	-	-	-	3
	-Allowance for doubtful debts	-	-	-	-
	-Net balance due from at year end	-	-	-	3
	-Claims incurred	5	127	-	-
Saudi Tumpane Co.(Under common directorship)	-Gross written premiums	98	(152)	-	-
	-Premiums receivable	-	-	-	(116)
	-Allowance for doubtful debts	-	-	-	-
	-Net balance due from at year end	-	-	-	(116)
	-Claims incurred	104	1,553	-	-

9.a(i) Statutory deposit is placed with the Saudi Investment Bank, at the commission rate of 3.25% per annum.

9.a(ii) Discretionary portfolio management agreement (DPM) was signed on 11 February 2011 and includes a mix of equity and debt investments.

9. a (iii) This represent overpayment of premium ceded to Medgulf Bahrain for reinsurance placement.

9. a (iv) This represent reinsurance claims recoverable from Addison Bradley International. Most of the reinsurance claim recoveries in respect of run-off treaties for the underwriting years up to 2014 have been collected by the related party either directly or through a broker (refer note 9.c).

9. a (v) Reinsurance placement was made by the said related party. There is a claim recovery from the reinsurer which related party needs to recover.

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9 TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

9.b Compensation of key management personnel

The following table shows the annual salaries, remuneration and allowances pertaining to the Board members and top executives for the nine month period ended September 30, 2022 and 2021:

Nine month period ended September 30, 2022 (Unaudited)	BOD members (Non-Executive)	Top Executives including the CEO and CFO
	SAR 000'	
Salaries and compensation	-	6,008
Allowances	-	-
Annual remuneration	1,549	-
End of service indemnities	-	478
	1,549	6,486

Nine month period ended September 30, 2021 (Unaudited)	BOD members (Non-Executive)	Top Executives including the CEO and CFO
	SAR 000'	
Salaries and compensation	-	4,752
Allowances	240	-
Annual remuneration	2,372	-
End of service indemnities	-	200
	2,612	4,952

- 9.c** All reinsurance treaties up to the underwriting year 2014 were managed by the Medgulf Group Corporate Reinsurance Center ("CRC"), a related party, who dealt with the Company's transactions, along with those of other related parties, on a consolidated basis with the reinsurers and brokers. All transactions with reinsurers and brokers were routed through CRC and the settlement of balances with these reinsurers and brokers were also made by CRC. The Company, together with CRC carried out an exercise to separate the Company's transactions and balances with the respective reinsurers and brokers from those of other related parties. This exercise is completed and Saudi Riyals 59.4 million have been identified as receivable from related party. However, the company has booked full provision for this balance.

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10 TECHNICAL RESERVES

a) Outstanding Claims and IBNR

	September 30, 2022 (Unaudited)			December 31, 2021 (Audited)		
	Gross	Re-insurance share	Net	Gross	Re-insurance share	Net
	SAR'000			SAR'000		
Outstanding claims	567,323	(385,014)	182,309	743,807	(546,540)	197,267
Claims incurred but not reported	568,504	(101,619)	466,885	463,364	(179,028)	284,336
	1,135,827	(486,633)	649,194	1,217,810	(557,446)	481,603

b) Other Technical Reserves

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
	SAR'000	
Premium deficiency reserve	105,729	77,810
Others	67,039	65,942
Other reserves at end of the period	172,768	143,752

c) Unearned Premiums

The movements during the period for unearned premiums are as follows:

	For the period ended September 30, 2022 (Unaudited)		
SAR'000	Gross	Re-insurance	Net
Balance at the beginning of the period	897,653	(260,855)	636,798
Premium written during the period	2,145,293	(308,508)	1,836,785
Premium earned during the period	1,871,433	(338,611)	1,532,822
Balance at the end of the period	1,171,513	(230,752)	4,006,405
	For the year ended December 31, 2021 (Audited)		
SAR'000	Gross	Re-insurance	Net
Balance at the beginning of the year	1,023,041	(220,301)	802,740
Premium written during the year	2,236,222	(773,478)	1,462,744
Premium earned during the year	(2,361,610)	732,924	(1,628,686)
Balance at the end of the year	897,653	(260,855)	636,798

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11 INVESTMENT IN AN ASSOCIATE

Investment in an associate comprises of an equity investment in Al-Waseel for Electronic Transportation amounting to SAR 12,136 thousand (a 25% equity interest) (2021: SAR 11,799), in an unquoted company (the "associate"), registered in the Kingdom of Saudi Arabia.

	SAR'000	
	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
At the beginning of the period / year	11,799	9,734
Dividend received from investment in an associate	-	(1,706)
Income from investment in an associate	-	3,771
At the end of period / year	11,799	11,799

12 AVAILABLE FOR SALE INVESTMENTS

Investments are classified as set out below:

a) Insurance Operations - Available for sale investments

SAR'000	SAR'000	
	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Type of Investments		
-Mutual Fund	10,995	10,789
-Sukuk	20,355	20,000
	31,350	30,789

The available for sale investments comprise of mutual funds, bonds, sukuk and equities issued by corporate and financial institutions in the Kingdom of Saudi Arabia.

The change for the period in fair values of available for sale investments for insurance operations amounting to SAR 561 thousand (31 December 2021: SAR 287) is presented within shareholders' equity in the interim condensed statement of financial position.

The movements during the period in available for sale investments for insurance's operations were as follows:

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
At the beginning of the period / year	30,789	10,502
Purchase during the period / year	-	77,500
Sold during the year	-	(57,500)
Net change in fair values	561	287
At the end of the period / year	31,350	30,789

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12 AVAILABLE FOR SALE INVESTMENTS (Continued)

b) Shareholders' Operations - Available for sale investments

	SAR'000	
	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Type of Investments		
Equity unquoted- domestic	1,923	2,860
Equity quoted- domestic	150,205	176,522
Mutual Funds	172,966	132,250
Sukuks	384,695	320,018
	<u>709,789</u>	<u>631,650</u>

The available for sale investments comprise of mutual funds, bonds, sukuk and equities issued by corporate and financial institutions in the Kingdom of Saudi Arabia.

The change for the period in fair values of available for sale investments for shareholders' operations amounting to SAR (22,714) thousand (31 December 2021: SAR (13,241) thousand) is presented within shareholders' equity in the interim condensed statement of financial position.

	SAR'000	
	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
At the beginning of the period / year	631,650	580,414
Purchase during the period / year	405,593	242,576
Sold during the period / year	(296,674)	(178,099)
Net change in fair values / year	<u>(30,780)</u>	<u>(13,241)</u>
At the end of the period / year	<u>709,789</u>	<u>631,650</u>

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12 AVAILABLE FOR SALE INVESTMENTS (Continued)

iii. Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or the most advantageous) market between market participants at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. The fair values of recognised financial instruments are not significantly different from the carrying values included in the financial statement. The estimated fair values of financial instruments are based on quoted market prices, when available. The fair values of these investments are disclosed below.

For financial instruments that are recognised at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level of input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The unlisted security of SAR 1.92 million (31 December 2021: SAR 1.92 million) held as part of Company's shareholder operations, were stated at cost in the absence of active markets or other means of reliably measuring their fair value.

During the period ended 30 September 2022, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of level 3 fair value measurements.

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy cumulatively for insurance and shareholders operations:

Determination of fair value and fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments:

Level 1: quoted prices in active markets for the same or identical instrument that an entity can access at the measurement date;

Level 2: quoted prices in active markets for similar assets and liabilities or other valuation techniques for which all significant inputs are based on observable market data; and

Level 3: valuation techniques for which any significant input is not based on observable market data.

1. Insurance operations – Fair Value

SAR'000s	Level 1	Level 2	Level 3	Total
September 30, 2022 (Unaudited)				
Available for sale investments				
- Mutual Fund	10,995	-	-	10,995
- Sukuk	-	20,355	-	20,355
Total available for sale investments	10,995	20,355	-	31,350

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12 AVAILABLE FOR SALE INVESTMENTS (Continued)

iii. Fair value (Continued)

1. Insurance operations – Fair Value (Continued)

SAR'000s	Level 1	Level 2	Level 3	Total
December 31, 2021 (Audited)				
Available for sale investments				
- Mutual Fund	10,789	-	-	10,789
- Sukuk	-	20,000	-	20,000
Total available for sale investments	10,789	20,000	-	30,789
SAR'000s	Level 1	Level 2	Level 3	Total

2. Shareholders' operations – Fair Value

SAR'000s	Level 1	Level 2	Level 3	Total
September 30, 2022 (Unaudited)				
Available for sale investments				
- Mutual Fund	172,966	-	-	172,966
- Sukuk	-	384,695	-	384,695
- Equities	150,205	1,923	-	152,128
Total available for sale investments	323,171	386,618	-	709,789
SAR'000s	Level 1	Level 2	Level 3	Total
December 31, 2021 (Audited)				
Available for sale investments				
- Mutual Fund	132,250	-	-	132,250
- Sukuk	-	320,018	-	320,018
- Equities	176,522	2,860	-	179,382
Total available for sale investments	308,772	322,878	-	631,650

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13 STATUTORY DEPOSIT AND ACCRUED COMMISSION

In accordance with the Law on Supervision of Cooperative Insurance Companies in the Kingdom of Saudi Arabia. The Company is required to maintain a statutory deposit at 10%. Further, SAMA has increased the statutory deposit by 5%, and accordingly, the Company has transferred the same to arrive at 15% statutory deposit. This statutory deposit cannot be withdrawn without the consent of SAMA. The Statutory deposit is placed at the commission rate of 3.25% per annum (2021 : 0.5%).

14 GOODWILL

The Company held an ordinary general assembly meeting on 22 December 2008 and approved the purchase of the insurance portfolio and the related net assets and liabilities of the Saudi Arabian Operations of the Mediterranean and Gulf Insurance and Reinsurance Company (MEDGULF) B.S.C (closed) ("Portfolio") effective 1 January 2009. The acquisition resulted in goodwill of Determining whether goodwill is impaired requires an estimation of the recoverable amount of cash-generating units ('CGU') to which goodwill has been allocated. To assess the Goodwill impairment impact as of 31 December 2021, the Company appointed a consultant and a report dated 28 February 2022 was issued. Considering the Company as a single CGU, the consultant applied 'Value-In-Use (VIU)', 'Share Price', 'Market' approach on the trading activity of the Company's stock and the capitalization of the earnings using value metrics of broadly comparable listed companies and Mergers and Acquisitions transaction multiples. Accordingly, as of the date of the approval of the financial statements for the year ended 31 December 2021 based on the aforementioned approach, the valuation result concluded the recoverable amount of goodwill to be higher than the carrying value.

15 CAPITAL MANAGEMENT

The Company manages its capital requirements by assessing shortfalls between reported and required capital levels on a regular basis. Adjustments to current capital levels are made in light of changes in market conditions and risk characteristics of the Company's activities. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or issue shares. The Board of directors in their meeting held on 6 October 2020, recommended to reduce share capital by SAR 100 million , the capital reduction was approved by extraordinary general assembly dated 22 April 2021. Further Board resolved to increase capital by SAR 420 million through right issue, the Company obtained SAMA approval dated 06 Jun 2021, Capital Market Authority (CMA) approval dated 30 September 2021 and approved by the general assembly of the Company on 03 Nov 2021.

The Company is not in compliance with the solvency margin required by SAMA (refer note 2 - going concern).

16 STATUTORY RESERVES

In accordance with its By-laws, the Company shall allocate 20% of its net income each year to the statutory reserve until it has built up a reserve equal to the share capital. The reserve is not available for distribution. Since there was accumulated deficit for the period ended 31 December 2021, no transfer was made to statutory reserve.

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17 ZAKAT AND INCOME TAX

a) Income tax charge for the period / year

There was no income tax in the period ended September 30, 2022 and year ended December 31, 2021 due to net adjusted losses incurred.

b) Movement in the provision for zakat and income tax during the period / year

The movement in the provision for zakat and income tax for the period / year was as follows:

	SAR '000	
	30 September 2022	31 December 2021
	(Unaudited)	(Audited)
At the beginning of the period / year	14,025	12,767
Charge - current period / year	2,000	4,000
Charge - prior period / year	(13,025)	-
Payments during the period / year	-	(2,742)
At the end of the period / year	3,000	14,025

The provision for zakat and income tax for the period is 2,000 thousand (30 September 2021: SR 6,000 thousand).

c) Status of zakat and tax assessments

The Company has filed its zakat and income tax declarations for the year up to 31 December 2021 with the Zakat, Tax and Customs Authority (ZATCA). The Company has received final clearance certificate till 2016 and final assessments from the year 2017 and onwards are awaited from the ZATCA.

During the year 2020, Company received VAT assessment from ZATCA amounting to SAR 23.2 million. the Company paid the amount in full and filed an appeal to ZATCA for the recovery of the same. Subsequently, ZATCA approved an input adjustment amounting to SAR 10.6 million and the company filed an appeal to GSTC to recover the remaining amount of SAR 12.6 million against which a provision of SAR 10 million has been recorded.

d) Deferred tax liability

The deferred tax arises on temporary differences on end of service benefits, impairment allowances and unrecognised losses etc. The deferred tax movement for the period is as follows;

	SAR '000	
	30 September 2022	31 December 2021
	(Unaudited)	(Audited)
Opening deferred tax liability	(2,438)	(1,438)
Origination or reversal of temporary differences	(750)	(1,000)
Closing deferred tax liability	(3,188)	(2,438)

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18 SHARE CAPITAL AND EARNINGS PER SHARE

a) Share capital

The authorized and paid up share capital of the Company is SAR 105,000 million divided into 105 million shares of SAR 10 each.

The Board of directors in their meeting held on 6 October 2020, recommended to reduce share capital by SAR 100 million , the capital reduction was approved by extraordinary general assembly dated 22 April 2021.

b) (Loss) / Earnings per share

(Loss) / Earnings per share has been calculated by dividing the net earnings for the period by the weighted average number of shares outstanding as of the reporting date.

	For the three month period ended	
	SAR '000	
	30 September 2022 (Unaudited)	30 September 2021 (Unaudited)
Net (loss) income for the period	(29,354)	(25,630)
Weighted average number of ordinary shares	105,000	105,000
(Loss) / Earnings per share	(0.28)	(0.24)
	Restated	

	For the Nine month period ended	
	SAR '000	
	30 September 2022 (Unaudited)	30 September 2021 (Unaudited)
Net (loss) income for the period	(162,517)	(11,753)
Weighted average number of ordinary shares	105,000	105,000
(Loss) / Earnings per share	(1.55)	(0.11)
	Restated	

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19 ACCRUED COMMISSION ON STATUTORY DEPOSIT

The interest on statutory deposit which is maintained in accordance with the Law on Supervision of Cooperative Insurance Companies in the Kingdom of Saudi Arabia amounts to SAR 30,078 thousand (31 December 2021 SAR 28,158 thousand). This commission cannot be withdrawn without the consent of Saudi Arabian Monetary Authority ("SAMA").

20 FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial assets and liabilities include cash and cash equivalents, time deposits, investments, receivables, payables, and certain other assets and liabilities. The fair values of the financial assets and liabilities are not materially different from their carrying values with the exception of unquoted financial instruments which are carried at cost.

21 COMMITMENTS AND CONTINGENCIES

a) Legal proceedings

The Company operates in the insurance industry and is subject to legal proceedings in the normal course of business. While it is not practicable to forecast or determine the final results of all pending or threatened legal proceedings, management does not believe that such proceedings (including litigations) will have a material effect on its results and

b) Contingencies and capital commitments

As at 30 September 2022, the Company's banker has issued letters of guarantee of SR 90,367 thousand (31 December 2021: SR 120,679 thousand) to various customers, motor agencies and workshops as per the terms of the agreements with them (also see note 6). The Company had no capital commitments in 2022 (31 December 2021: nil).

c) Contingent liability

The Company, is subject to a litigation, based on independent legal advice, the Company does not believe that the outcome of these court cases will have a material impact on the Company's income or financial condition.

22 SEGMENTAL INFORMATION

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 as set out below.

Segment results do not include allocation of general and administrative expenses, allowance for doubtful debt, special commission income and other income to operating segments as these are reported and monitored on an overall basis.

Segment assets do not include allocation of cash and cash equivalents, time deposits, available for sale investments, premiums and reinsurance balances receivable, prepayments and other assets, due from a related party, intangible assets, statutory deposit and property and equipment, net, as these are reported and monitored on a total basis.

Segment liabilities do not include allocation of accounts and commission payable, reinsurance balances payable, accrued expenses and other liabilities, surplus distribution payable, end of service benefits, account and commission payable, due to a related party, zakat and tax and commissions payable to SAMA.

Shareholders' operations is a non-operating segment. Certain direct operating expenses, other overhead expenses and surplus from the insurance operations are allocated to this segment on an appropriate basis as approved by management.

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As at September 30, 2022 (Unaudited)

22 Operating segments

Operating segments	Medical	Motor	Property & casualty	Total - Insurance Operations	Shareholders' Operations	Total
	SAR'000					
ASSETS						
Reinsurers' share of unearned premiums	6,086	63,614	161,052	230,752	-	230,752
Reinsurers' share of outstanding claims	3,666	10,892	370,456	385,014	-	385,014
Reinsurers' share of claims Incurred but not reported	16,376	16,336	68,907	101,619	-	101,619
Deferred policy acquisition costs	31,206	30,762	12,077	74,045	-	74,045
Unallocated assets	-	-	-	1,542,745	1,819,912	3,362,657
TOTAL ASSETS	57,334	121,604	612,492	2,334,175	1,819,912	4,154,087
LIABILITIES						
Gross unearned premiums	588,604	395,172	187,737	1,171,513	-	1,171,513
Unearned reinsurance commission	-	10,022	16,569	26,591	-	26,591
Gross outstanding claims	108,888	47,302	411,133	567,323	-	567,323
Claims incurred but not reported	423,852	59,008	85,644	568,504	-	568,504
Premium deficiency reserves	24,709	75,997	5,023	105,729	-	105,729
Other technical reserves	23,977	34,988	8,074	67,039	-	67,039
Unallocated liabilities and insurance operations' surplus	-	-	-	788,419	37,056	825,475
TOTAL LIABILITIES AND INSURANCE OPERATIONS' SURPLUS	1,170,030	622,489	714,180	3,295,118	37,056	3,332,174

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As at December 31, 2021 (Audited)

22 Operating segments (Continued)

Operating segments (Continued)	Medical	Motor	Property & casualty	Total - Insurance Operations	Shareholders' Operations	Total
	SAR'000					
ASSETS						
Reinsurers' share of unearned premiums	46,174	80,809	133,872	260,855	-	260,855
Reinsurers' share of outstanding claims	39,569	4,856	502,115	546,540	-	546,540
Reinsurers' share of claims Incurred but not reported	50,221	36,779	92,028	179,028	-	179,028
Deferred policy acquisition costs	29,035	12,079	8,783	49,897	-	49,897
Unallocated assets				1,341,457	1,747,504	3,088,961
TOTAL ASSETS						
	164,999	134,523	736,798	2,377,777	1,747,504	4,125,281
LIABILITIES						
Gross unearned premiums	536,670	203,270	157,713	897,653	-	897,653
Unearned reinsurance commission	-	6,263	11,771	18,034	-	18,034
Gross outstanding claims	181,704	16,653	545,450	743,807	-	743,807
Claims incurred but not reported	269,706	85,043	108,615	463,364	-	463,364
Premium deficiency reserves	26,872	46,675	4,263	77,810	-	77,810
Other technical reserves	21,536	35,422	8,984	65,942	-	65,942
Unallocated liabilities and insurance operations' surplus				798,529	45,493	844,022
TOTAL LIABILITIES AND INSURANCE OPERATIONS' SURPLUS						
	1,036,488	393,326	836,796	3,065,139	45,493	3,110,632

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For the three period ended September 30, 2022 (Unaudited)

22 Operating segments (Continued)	Medical	Motor	Property & casualty	Total Insurance Operations	Shareholders' Operations	Total
	SAR'000					
<u>REVENUES</u>						
Gross premiums written						
-Direct	221,234	200,123	101,832	523,189	-	523,189
-Reinsurance	-	-	-	-	-	-
	221,234	200,123	101,832	523,189	-	523,189
Re-insurance premiums ceded						
-Local	(628)	(4,264)	(1,718)	(6,610)	-	(6,610)
-Abroad	649	(25,760)	(88,175)	(113,286)	-	(113,286)
	21	(30,024)	(89,893)	(119,896)	-	(119,896)
Excess of loss premiums	-	(4,560)	(131)	(4,691)	-	(4,691)
Net premiums written	221,255	165,539	11,808	398,602	-	398,602
Changes in unearned premiums, net	186,143	(44,071)	(5,765)	136,307	-	136,307
Net premiums earned	407,398	121,468	6,043	534,909	-	534,909
Re-insurance commission income	(3)	2,153	6,585	8,735	-	8,735
TOTAL REVENUES	407,395	123,621	12,628	543,644	-	543,644
<u>UNDERWRITING COSTS AND EXPENSES</u>						
Gross claims paid	(422,622)	(166,456)	(4,195)	(593,273)	-	(593,273)
Expenses incurred related to claims	(5,209)	(3,834)	(1,779)	(10,822)	-	(10,822)
Hospital discount	28,737	-	-	28,737	-	28,737
Reinsurers' share of claims paid	24,357	40,636	3,946	68,939	-	68,939
Net claims and other benefits paid	(374,737)	(129,654)	(2,028)	(506,419)	-	(506,419)
Changes in outstanding claims, net	121,405	1,640	1,418	124,463	-	124,463
Changes in incurred but not reported claims,	(124,874)	(20,370)	(1,354)	(146,598)	-	(146,598)
Net claims and other benefits incurred	(378,206)	(148,384)	(1,964)	(528,554)	-	(528,554)
Changes in premium deficiency reserve	28,091	17,665	(3,203)	42,553	-	42,553
Other technical reserves	(1,277)	(842)	(243)	(2,362)	-	(2,362)
Policy acquisition costs	(15,493)	(8,877)	(6,427)	(30,797)	-	(30,797)
TOTAL UNDERWRITING COSTS AND EXPENSES	(366,885)	(140,438)	(11,837)	(519,160)	-	(519,160)
NET UNDERWRITING INCOME/(LOSS)	40,510	(16,817)	791	24,484	-	24,484
<u>OTHER OPERATING (EXPENSES) / INCOME</u>						
Allowance for doubtful debts				3,496	-	3,496
General and administrative expenses				(81,220)	(998)	(82,218)
Special commission income				775	7,266	8,041
Income from investment in associate				-	-	-
Dividend income				-	1,253	1,253
Realized gain on available for sale investment				-	1,313	1,313
Other income				1,502	-	1,502
Total Other Operating Expenses, net				(75,447)	8,834	(66,613)
<u>NET INCOME / (LOSS) FOR THE PERIOD BEFORE APPROPRIATION AND BEFORE ZAKAT AND INCOME TAX</u>				(50,963)	8,834	(42,129)

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For the three month period ended September 30, 2021 (Unaudited)

22 Operating segments (Continued)

Operating segments (Continued)	Medical	Motor	Property & casualty	Total Insurance Operations	Shareholders' Operations	Total
	SAR'000					
<u>REVENUES</u>						
Gross premiums written						
-Direct	213,978	69,761	94,491	378,230	-	378,230
-Reinsurance	-	-	-	-	-	-
	213,978	69,761	94,491	378,230	-	378,230
Re-insurance premiums ceded						
-Local	(16,347)	(6,986)	(8,311)	(31,644)	-	(31,644)
-Abroad	(234,376)	(20,891)	(50,606)	(305,873)	-	(305,873)
	(250,723)	(27,877)	(58,917)	(337,517)	-	(337,517)
Excess of loss premiums	(9,875)	(1,625)	(3,760)	(15,260)	-	(15,260)
Net premiums written	(46,620)	40,259	31,814	25,453	-	25,453
Changes in unearned premiums, net	250,982	15,354	(16,257)	250,079	-	250,079
Net premiums earned	204,362	55,613	15,557	275,532	-	275,532
Re-insurance commission income	28,544	10,543	8,522	47,609	-	47,609
<u>TOTAL REVENUES</u>	232,906	66,156	24,079	323,141	-	323,141
<u>UNDERWRITING COSTS AND EXPENSES</u>						
Gross claims paid	(465,922)	(80,444)	(59,022)	(605,388)	-	(605,388)
Expenses incurred related to claims	(2,636)	(1,151)	(2,761)	(6,548)	-	(6,548)
Hospital discount	30,574	-	-	30,574	-	30,574
Re-insurers' share of claims paid	142,044	34,716	57,201	233,961	-	233,961
Net claims and other benefits paid	(295,940)	(46,879)	(4,582)	(347,401)	-	(347,401)
Changes in outstanding claims, net	88,793	(1,899)	(4,381)	82,513	-	82,513
Changes in incurred but not reported claims, net	21,585	1,232	(2,467)	20,350	-	20,350
Net claims and other benefits incurred	(185,562)	(47,546)	(11,430)	(244,538)	-	(244,538)
Changes in premium deficiency reserve	(13,989)	1,198	(968)	(13,759)	-	(13,759)
Other technical reserves	583	127	139	849	-	849
Policy acquisition costs	(16,248)	(6,614)	(6,021)	(28,883)	-	(28,883)
<u>TOTAL UNDERWRITING COSTS AND EXPENSES</u>	(215,216)	(52,835)	(18,280)	(286,331)	-	(286,331)
NET UNDERWRITING INCOME	17,690	13,321	5,799	36,810	-	36,810
<u>OTHER OPERATING (EXPENSES) / INCOME</u>						
Reversal of doubtful debts				11,548	-	11,548
General and administrative expenses				(88,448)	(1,058)	(89,506)
Special commission income				445	5,176	5,621
Income from investment in associate				-	-	-
Dividend income				-	2,231	2,231
Realized gain on available for sale investment				-	8,354	8,354
Other income				1,562	-	1,562
<u>Total Other Operating Expenses, net</u>				(74,893)	14,703	(60,190)
<u>NET INCOME FOR THE PERIOD BEFORE APPROPRIATION AND BEFORE ZAKAT AND INCOME TAX</u>						
				(38,083)	14,703	(23,380)

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FOR THE THREE AND NINE MONTH PERIOD ENDED SEPTEMBER 30, 2022

For the nine period ended September 30, 2022 (Unaudited)

22 Operating segments (Continued)

Operating segments (Continued)	Medical	Motor	Property & casualty	Total Insurance Operations	Shareholders' Operations	Total
	SAR'000					
REVENUES						
Gross premiums written						
-Direct	1,300,430	588,719	256,144	2,145,293	-	2,145,293
-Reinsurance	-	-	-	-	-	-
	1,300,430	588,719	256,144	2,145,293	-	2,145,293
Re-insurance premiums ceded						
-Local	(1,879)	(7,736)	(4,808)	(14,423)	-	(14,423)
-Abroad	20	(80,577)	(213,528)	(294,085)	-	(294,085)
	(1,859)	(88,313)	(218,336)	(308,508)	-	(308,508)
Excess of loss premiums	-	(4,560)	(9,514)	(14,074)		(14,074)
Net premiums written	1,298,571	495,846	28,294	1,822,711	-	1,822,711
Changes in unearned premiums, net	(92,023)	(209,097)	(2,843)	(303,963)	-	(303,963)
Net premiums earned	1,206,548	286,749	25,451	1,518,748	-	1,518,748
Re-insurance commission income	6,455	12,390	23,797	42,642	-	42,642
TOTAL REVENUES	1,213,003	299,139	49,248	1,561,390	-	1,561,390
UNDERWRITING COSTS AND EXPENSES						
Gross claims paid	(1,136,322)	(419,821)	(54,170)	(1,610,313)	-	(1,610,313)
Expenses incurred related to claims	(10,046)	(8,408)	(3,723)	(22,177)	-	(22,177)
Hospital discount	80,028	-	-	80,028	-	80,028
Reinsurers' share of claims paid	120,712	125,739	50,689	297,140	-	297,140
Net claims and other benefits paid	(945,628)	(302,490)	(7,204)	(1,255,322)	-	(1,255,322)
Changes in outstanding claims, net	36,913	(24,614)	2,659	14,958	-	14,958
Changes in incurred but not reported claims,	(187,992)	5,592	(148)	(182,548)	-	(182,548)
Net claims and other benefits incurred	(1,096,707)	(321,512)	(4,693)	(1,422,912)	-	(1,422,912)
Changes in premium deficiency reserve	2,164	(29,323)	(760)	(27,919)	-	(27,919)
Other technical reserves	(2,441)	434	910	(1,097)	-	(1,097)
Policy acquisition costs	(31,482)	(16,789)	(17,841)	(66,112)	-	(66,112)
TOTAL UNDERWRITING COSTS AND EXPENSES	(1,128,466)	(367,190)	(22,384)	(1,518,040)	-	(1,518,040)
NET UNDERWRITING INCOME / (LOSS)	84,537	(68,051)	26,864	43,350	-	43,350
OTHER OPERATING (EXPENSES) / INCOME						
Allowance for doubtful debts				(6,216)	-	(6,216)
General and administrative expenses				(261,483)	(2,685)	(264,168)
Special commission income				1,386	15,922	17,308
Income from investment in associate				-	-	-
Dividend income				-	6,034	6,034
Realized gain on available for sale investment				-	28,306	28,306
Other income				2,594	-	2,594
Total Other Operating Expenses, net				(263,719)	47,577	(216,142)
NET INCOME / (LOSS) FOR THE PERIOD BEFORE APPROPRIATION AND BEFORE ZAKAT AND INCOME TAX						
				(220,369)	47,577	(172,792)

**THE MEDITERRANEAN & GULF COOPERATIVE INSURANCE AND REINSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)
FOR THE THREE AND NINE MONTH PERIOD ENDED SEPTEMBER 30, 2022**

For the nine month period ended September 30, 2021 (Unaudited)

22 Operating segments (Continued)

Operating segments (Continued)	Medical	Motor	Property & casualty	Total Insurance Operations	Shareholder s' Operations	Total
	SAR'000					
<u>REVENUES</u>						
Gross premiums written						
-Direct	1,097,821	313,291	288,778	1,699,890	-	1,699,890
-Reinsurance	-	-	-	-	-	-
	1,097,821	313,291	288,778	1,699,890	-	1,699,890
Re-insurance premiums ceded						
-Local	(92,162)	(33,284)	(21,178)	(146,624)	-	(146,624)
-Abroad	(234,376)	(91,553)	(199,237)	(525,166)	-	(525,166)
	(326,538)	(124,837)	(220,415)	(671,790)	-	(671,790)
Excess of loss premiums	(29,625)	(4,876)	(11,278)	(45,779)	-	(45,779)
Net premiums written	741,658	183,578	57,085	982,321	-	982,321
Changes in unearned premiums, net	251,271	(25,244)	(21,319)	204,708	-	204,708
Net premiums earned	992,929	158,334	35,766	1,187,029	-	1,187,029
Re-insurance commission income	28,544	31,353	22,652	82,549	-	82,549
<u>TOTAL REVENUES</u>	1,021,473	189,687	58,418	1,269,578	-	1,269,578
<u>UNDERWRITING COSTS AND EXPENSES</u>						
Gross claims paid	(1,259,895)	(259,800)	(92,799)	(1,612,494)	-	(1,612,494)
Expenses incurred related to claims	(7,542)	(4,883)	(4,138)	(16,563)	-	(16,563)
Hospital discount	71,936	-	-	71,936	-	71,936
Re-insurers' share of claims paid	287,166	115,015	88,689	490,870	-	490,870
Net claims and other benefits paid	(908,335)	(149,668)	(8,248)	(1,066,251)	-	(1,066,251)
Changes in outstanding claims, net	40,642	(3,322)	(13,817)	23,503	-	23,503
Changes in incurred but not reported claims,	38,408	14,320	(2,786)	49,942	-	49,942
Net claims and other benefits incurred	(829,285)	(138,670)	(24,851)	(992,806)	-	(992,806)
Changes in premium deficiency reserve	(17,502)	(3,393)	(1,091)	(21,986)	-	(21,986)
Other technical reserves	3,025	1,248	(2,328)	1,945	-	1,945
Policy acquisition costs	(39,775)	(18,662)	(14,597)	(73,034)	-	(73,034)
<u>TOTAL UNDERWRITING COSTS AND EXPENSES</u>	(883,537)	(159,477)	(42,867)	(1,085,881)	-	(1,085,881)
NET UNDERWRITING INCOME	137,936	30,210	15,551	183,697	-	183,697
<u>OTHER OPERATING (EXPENSES) /</u>						
Provision for doubtful debts				22,858	-	22,858
General and administrative expenses				(243,556)	(3,357)	(246,913)
Special commission income				1,177	10,927	12,104
Income from investment in associate				-	1,378	1,378
Dividend income				-	5,953	5,953
Realized gain on available for sale investment				-	13,298	13,298
Other income				2,622	-	2,622
<u>Total Other Operating Expenses, net</u>				(216,899)	28,199	(188,700)
<u>NET INCOME FOR THE PERIOD BEFORE APPROPRIATION AND BEFORE ZAKAT AND INCOME TAX</u>						
				(33,202)	28,199	(5,003)

**THE MEDITERRANEAN & GULF COOPERATIVE INSURANCE AND REINSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)

FOR THE THREE AND NINE MONTH PERIOD ENDED SEPTEMBER 30, 2022

For the three month period ended September 30, 2022 (Unaudited)

22 Operating segments (Continued)

	Medical	Motor	Property & casualty	Total
	SAR'000			
Gross premiums written				
Large enterprise	85,592	3,022	88,811	177,425
Medium enterprise	46,293	1,553	7,446	55,292
Small enterprise	65,692	2,163	3,205	71,060
Micro enterprise	21,294	8,520	2,360	32,174
Individual	2,363	184,865	10	187,238
TOTAL GROSS PREMIUMS WRITTEN	221,234	200,123	101,832	523,189

For the three month period ended September 30, 2021 (Unaudited)

Operating segments	Medical	Motor	Property & casualty	Total
	SAR'000			
Gross premiums written				
Large enterprise	104,790	4,368	82,169	191,327
Medium enterprise	48,344	1,870	8,403	58,617
Small enterprise	42,066	664	2,544	45,274
Micro enterprise	18,743	1,086	1,264	21,093
Individual	35	61,773	111	61,919
TOTAL GROSS PREMIUMS WRITTEN	213,978	69,761	94,491	378,230

For the nine month period ended September 30, 2022 (Unaudited)

Operating segments	Medical	Motor	Property & casualty	Total
	SAR'000			
Gross premiums written				
Large enterprise	623,971	46,011	205,746	875,728
Medium enterprise	481,908	10,326	30,109	522,343
Small enterprise	122,385	10,365	13,367	146,117
Micro enterprise	65,711	12,248	5,634	83,593
Individual	6,455	509,769	1,288	517,512
TOTAL GROSS PREMIUMS WRITTEN	1,300,430	588,719	256,144	2,145,293

For the nine month period ended September 30, 2021 (Unaudited)

Operating segments	Medical	Motor	Property & casualty	Total
	SAR'000			
Gross premiums written				
Large enterprise	828,513	75,680	241,712	1,145,905
Medium enterprise	97,820	10,287	31,290	139,397
Small enterprise	115,324	37,399	9,733	162,456
Micro enterprise	56,084	3,159	4,403	63,646
Individual	80	186,766	1,640	188,486
TOTAL GROSS PREMIUMS WRITTEN	1,097,821	313,291	288,778	1,699,890

**THE MEDITERRANEAN & GULF COOPERATIVE INSURANCE AND REINSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)

FOR THE THREE AND NINE MONTH PERIOD ENDED SEPTEMBER 30, 2022

23 SUPPLEMENTARY INFORMATION

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

	SAR '000					
	September 30, 2022 (Unaudited)			December 31, 2021 (Audited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
ASSETS						
Cash and cash equivalents	309,858	241,491	551,349	207,714	389,968	597,682
Short term deposits	-	150,000	150,000	-	50,000	50,000
Premium and reinsurers' receivable, net	899,410	-	899,410	838,577	-	838,577
Reinsurers' share of unearned premiums	230,752	-	230,752	260,855	-	260,855
Reinsurers' share of outstanding claims	385,014	-	385,014	546,540	-	546,540
Reinsurers' share of claims incurred but not reported	101,619	-	101,619	179,028	-	179,028
Deferred policy acquisition costs	74,045	-	74,045	49,897	-	49,897
Due from related parties, net	1,994	-	1,994	1,994	-	1,994
Due from / to shareholders' / insurance operation	952,736	(952,736)	-	678,594	(678,594)	-
Prepayment and other assets, net	252,742	9,255	261,997	225,682	5,929	231,611
Available for sale investments	31,350	709,789	741,139	30,789	631,650	662,439
Right of use assets, net	5,461	-	5,461	8,129	-	8,129
Property and equipment, net	17,434	30,000	47,434	16,464	30,000	46,464
Intangible assets, net	24,496	-	24,496	12,108	-	12,108
Statutory deposit	-	157,500	157,500	-	120,000	120,000
Investment in an associate	-	11,799	11,799	-	11,799	11,799
Accrued commission on statutory deposit	-	30,078	30,078	-	28,158	28,158
Goodwill	-	480,000	480,000	-	480,000	480,000
TOTAL ASSETS	3,286,911	867,176	4,154,087	3,056,371	1,068,910	4,125,281

**THE MEDITERRANEAN & GULF COOPERATIVE INSURANCE AND REINSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)

FOR THE THREE AND NINE MONTH PERIOD ENDED SEPTEMBER 30, 2022

23 SUPPLEMENTARY INFORMATION (Continued)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION (Continued)

	SAR '000					
	September 30, 2022 (Unaudited)			December 31, 2021 (Audited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
LIABILITIES						
Accrued expenses and other liabilities	325,795	790	326,585	264,295	872	265,167
Accounts and commission payable	130,815	-	130,815	256,861	-	256,861
Lease liability	4,006	-	4,006	8,534	-	8,534
Reinsurers' balances payable	229,870	-	229,870	155,259	-	155,259
Gross unearned premiums	1,171,513	-	1,171,513	897,653	-	897,653
Unearned reinsurance commission	26,591	-	26,591	18,034	-	18,034
Gross outstanding claims	567,323	-	567,323	743,807	-	743,807
Claims incurred but not reported	568,504	-	568,504	463,364	-	463,364
Premium deficiency reserve	105,729	-	105,729	77,810	-	77,810
Other technical reserves	67,039	-	67,039	65,942	-	65,942
Due to a related party	1,682	-	1,682	2,048	-	2,048
End of service indemnities	20,108	-	20,108	28,770	-	28,770
Surplus distribution payable	76,143	-	76,143	82,762	-	82,762
Zakat & income tax	-	3,000	3,000	-	14,025	14,025
Deferred tax liability	-	3,188	3,188	-	2,438	2,438
Accrued commission income payable to SAMA	-	30,078	30,078	-	28,158	28,158
TOTAL LIABILITIES	3,295,118	37,056	3,332,174	3,065,139	45,493	3,110,632
INSURANCE OPERATIONS' (DEFICIT) / SURPLUS						
Fair values reserve gain on investments	1,350	-	1,350	789	-	789
Re-measurement of defined benefit liability – employees benefits	(9,557)	-	(9,557)	(9,557)	-	(9,557)
TOTAL INSURANCE OPERATIONS' (DEFICIT) / SURPLUS	(8,207)	-	(8,207)	(8,768)	-	(8,768)
SHAREHOLDERS' EQUITY						
Share capital	-	1,050,000	1,050,000	-	1,050,000	1,050,000
Share premium	-	70,000	70,000	-	70,000	70,000
Statutory reserve	-	26,135	26,135	-	26,135	26,135
Accumulated losses	-	(310,128)	(310,128)	-	(147,611)	(147,611)
Fair values reserve gain on investments	-	(5,887)	(5,887)	-	24,893	24,893
TOTAL SHAREHOLDERS' EQUITY	-	830,120	830,120	-	1,023,417	1,023,417
TOTAL LIABILITIES, INSURANCE OPERATIONS' (DEFICIT) / SURPLUS AND SHAREHOLDERS' EQUITY	3,286,911	867,176	4,154,087	3,056,371	1,068,910	4,125,281

**THE MEDITERRANEAN & GULF COOPERATIVE INSURANCE AND REINSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)
FOR THE THREE AND NINE MONTH PERIOD ENDED SEPTEMBER 30, 2022**

23 SUPPLEMENTARY INFORMATION (Continued)

INTERIM CONDENSED STATEMENT OF INCOME

	SAR '000					
	For the three month period ended September 30					
	September 30, 2022 (Unaudited)			September 30, 2021 (Unaudited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
REVENUES						
Gross premiums written						
-Direct	523,189	-	523,189	378,230	-	378,230
-Reinsurance	-	-	-	-	-	-
	523,189	-	523,189	378,230	-	378,230
Reinsurance premiums ceded						
-Local	(6,610)	-	(6,610)	(31,644)	-	(31,644)
-Abroad	(113,286)	-	(113,286)	(305,873)	-	(305,873)
	(119,896)	-	(119,896)	(337,517)	-	(337,517)
Excess of loss expenses – foreign	(4,691)	-	(4,691)	(15,260)	-	(15,260)
Net written premiums	398,602	-	398,602	25,453	-	25,453
Changes in unearned premiums, net	136,307	-	136,307	250,079	-	250,079
Net premiums earned	534,909	-	534,909	275,532	-	275,532
Re-insurance commissions	8,735	-	8,735	47,609	-	47,609
TOTAL REVENUES	543,644	-	543,644	323,141	-	323,141
UNDERWRITING COSTS AND EXPENSES						
Gross claims paid	(593,273)	-	(593,273)	(605,388)	-	(605,388)
Expenses incurred related to claims	(10,822)	-	(10,822)	(6,548)	-	(6,548)
Hospital discount	28,737	-	28,737	30,574	-	30,574
Reinsurers' share of claims paid	68,939	-	68,939	233,961	-	233,961
Net claims and other benefits paid	(506,419)	-	(506,419)	(347,401)	-	(347,401)
Changes in outstanding claims, net	124,463	-	124,463	82,513	-	82,513
Changes in incurred but not reported claims, net	(146,598)	-	(146,598)	20,350	-	20,350
Net claims and other benefits incurred	(528,554)	-	(528,554)	(244,538)	-	(244,538)
Changes in premium deficiency reserve	42,553	-	42,553	(13,759)	-	(13,759)
Other technical reserves	(2,362)	-	(2,362)	849	-	849
Policy acquisition costs	(30,797)	-	(30,797)	(28,883)	-	(28,883)
TOTAL UNDERWRITING COSTS AND EXPENSES	(519,160)	-	(519,160)	(286,331)	-	(286,331)
NET UNDERWRITING INCOME/ (LOSS)	24,484	-	24,484	36,810	-	36,810
OTHER OPERATING (EXPENSES)/ INCOME						
(Allowance for) /Reversal of doubtful debts	3,496	-	3,496	11,548	-	11,548
General and administrative expenses	(81,220)	(998)	(82,218)	(88,448)	(1,058)	(89,506)
Special commission income	775	7,266	8,041	445	5,176	5,621
Income from investment in associate	-	-	-	-	-	-
Dividend income	-	1,253	1,253	-	2,231	2,231
Realized gain on available for sale investment	-	1,313	1,313	-	8,354	8,354
Other income	1,502	-	1,502	1,562	-	1,562
TOTAL OTHER OPERATING (EXPENSES)/ INCOME	(75,447)	8,834	(66,613)	(74,893)	14,703	(60,190)
NET (LOSS) / INCOME FOR THE PERIOD BEFORE APPROPRIATION AND BEFORE ZAKAT AND INCOME TAX	(50,963)	8,834	(42,129)	(38,083)	14,703	(23,380)
Shareholders' appropriation from surplus	50,963	(50,963)	-	38,083	(38,083)	-
NET (LOSS) / INCOME FOR THE PERIOD AFTER APPROPRIATION AND BEFORE ZAKAT AND INCOME TAX	-	(42,129)	(42,129)	-	(23,380)	(23,380)
Zakat and income tax						
Current zakat and income tax	-	13,025	13,025	-	(2,000)	(2,000)
Deferred tax	-	(250)	(250)	-	(250)	(250)
NET (LOSS) / INCOME FOR THE PERIOD	-	(29,354)	(29,354)	-	(25,630)	(25,630)

**THE MEDITERRANEAN & GULF COOPERATIVE INSURANCE AND REINSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)
FOR THE THREE AND NINE MONTH PERIOD ENDED SEPTEMBER 30, 2022**

23 SUPPLEMENTARY INFORMATION (Continued)

	SAR '000					
	For the nine month period ended September 30					
	September 30, 2022 (Unaudited)			September 30, 2021 (Unaudited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
REVENUES						
Gross premiums written						
-Direct	2,145,293	-	2,145,293	1,699,890	-	1,699,890
-Reinsurance	-	-	-	-	-	-
	2,145,293	-	2,145,293	1,699,890	-	1,699,890
Reinsurance premiums ceded						
-Local	(14,423)	-	(14,423)	(146,624)	-	(146,624)
-Abroad	(294,085)	-	(294,085)	(525,166)	-	(525,166)
	(308,508)	-	(308,508)	(671,790)	-	(671,790)
Excess of loss expenses – foreign	(14,074)	-	(14,074)	(45,779)	-	(45,779)
Net written premiums	1,822,711	-	1,822,711	982,321	-	982,321
Changes in unearned premiums, net	(303,963)	-	(303,963)	204,708	-	204,708
Net premiums earned	1,518,748	-	1,518,748	1,187,029	-	1,187,029
Re-insurance commissions	42,642	-	42,642	82,549	-	82,549
TOTAL REVENUES	1,561,390	-	1,561,390	1,269,578	-	1,269,578
UNDERWRITING COSTS AND EXPENSES						
Gross claims paid	(1,610,313)	-	(1,610,313)	(1,612,494)	-	(1,612,494)
Expenses incurred related to claims	(22,177)	-	(22,177)	(16,563)	-	(16,563)
Hospital discount	80,028	-	80,028	71,936	-	71,936
Reinsurers' share of claims paid	297,140	-	297,140	490,870	-	490,870
Net claims and other benefits paid	(1,255,322)	-	(1,255,322)	(1,066,251)	-	(1,066,251)
Changes in outstanding claims, net	14,958	-	14,958	23,503	-	23,503
Changes in incurred but not reported claims, net	(182,548)	-	(182,548)	49,942	-	49,942
Net claims and other benefits incurred	(1,422,912)	-	(1,422,912)	(992,806)	-	(992,806)
Changes in premium deficiency reserve	(27,919)	-	(27,919)	(21,986)	-	(21,986)
Other technical reserves	(1,097)	-	(1,097)	1,945	-	1,945
Policy acquisition costs	(66,112)	-	(66,112)	(73,034)	-	(73,034)
TOTAL UNDERWRITING COSTS AND EXPENSES	(1,518,040)	-	(1,518,040)	(1,085,881)	-	(1,085,881)
NET UNDERWRITING INCOME	43,350	-	43,350	183,697	-	183,697
OTHER OPERATING (EXPENSES)/ INCOME						
(Allowance for) /Reversal of doubtful debts	(6,216)	-	(6,216)	22,858	-	22,858
General and administrative expenses	(261,483)	(2,685)	(264,168)	(243,556)	(3,357)	(246,913)
Special commission income	1,386	15,922	17,308	1,177	10,927	12,104
Income from investment in associate	-	-	-	-	1,378	1,378
Dividend income	-	6,034	6,034	-	5,953	5,953
Realized gain on available for sale investment	-	28,306	28,306	-	13,298	13,298
Other income	2,594	-	2,594	2,622	-	2,622
TOTAL OTHER OPERATING (EXPENSES)/ INCOME	(263,719)	47,577	(216,142)	(216,899)	28,199	(188,700)
NET (LOSS) / INCOME FOR THE PERIOD BEFORE APPROPRIATION AND BEFORE ZAKAT AND INCOME TAX	(220,369)	47,577	(172,792)	(33,202)	28,199	(5,003)
Shareholders' appropriation from surplus	220,369	(220,369)	-	33,202	(33,202)	-
NET (LOSS) / INCOME FOR THE PERIOD AFTER APPROPRIATION AND BEFORE ZAKAT AND INCOME TAX	-	(172,792)	(172,792)	-	(5,003)	(5,003)
Zakat and income tax						
Current zakat and income tax	-	11,025	11,025	-	(6,000)	(6,000)
Deferred tax	-	(750)	(750)	-	(750)	(750)
NET (LOSS) / INCOME FOR THE PERIOD	-	(162,517)	(162,517)	-	(11,753)	(11,753)

**THE MEDITERRANEAN & GULF COOPERATIVE INSURANCE AND REINSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)

FOR THE THREE AND NINE MONTH PERIOD ENDED SEPTEMBER 30, 2022

23 SUPPLEMENTARY INFORMATION (Continued)

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	For the three month period ended September 30 (Unaudited)					
	SAR '000					
	2022			2021		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
Net (loss) for the period	-	(29,354)	(29,354)	-	(25,630)	(25,630)
Other comprehensive (loss) / income						
Items that are or may be reclassified to statement of income in subsequent periods						
Available for sale investments						
- Net change in fair values	364	(28,896)	(28,532)	71	(5,781)	(5,710)
<u>TOTAL COMPREHENSIVE INCOME/(LOSS)</u>	364	(58,250)	(57,886)	71	(31,411)	(31,340)
<u>Reconciliation:</u>						
<u>Less: Net (loss) attributable to insurance operations and transferred to surplus distribution payable.</u>			-			-
<u>TOTAL COMPREHENSIVE (LOSS) FOR THE PERIOD</u>			<u>(57,886)</u>			<u>(31,340)</u>

**THE MEDITERRANEAN & GULF COOPERATIVE INSURANCE AND REINSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)

FOR THE THREE AND NINE MONTH PERIOD ENDED SEPTEMBER 30, 2022

23 SUPPLEMENTARY INFORMATION (Continued)

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	For the nine month period ended September 30 (Unaudited)					
	SAR '000					
	2022			2021		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
Net (loss) for the period	-	(162,517)	(162,517)	-	(11,753)	(11,753)
Other comprehensive income / (loss)						
Items that are or may be reclassified to statement of income in subsequent periods						
Available for sale investments						
- Net change in fair values	561	(30,780)	(30,219)	214	(2,441)	(2,227)
<u>TOTAL COMPREHENSIVE INCOME/(LOSS)</u>	561	(193,297)	(192,736)	214	(14,194)	(13,980)
<u>Reconciliation:</u>						
<u>Less: Net (loss) attributable to insurance operations and transferred to surplus distribution payable.</u>			-			-
<u>TOTAL COMPREHENSIVE (LOSS) FOR THE PERIOD</u>			<u>(192,736)</u>			<u>(13,980)</u>

THE MEDITERRANEAN & GULF COOPERATIVE INSURANCE AND REINSURANCE COMPANY
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NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)
FOR THE THREE AND NINE MONTH PERIOD ENDED SEPTEMBER 30, 2022

23 SUPPLEMENTARY INFORMATION (Continued)

INTERIM CONDENSED STATEMENT OF CASH FLOWS

	SAR '000					
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	For the nine month period ended September 30, 2022			For the nine month period ended September 30, 2021		
	Unaudited			Unaudited		
CASH FLOWS FROM OPERATING ACTIVITIES						
Net (loss) / income for the period before zakat and income tax	-	(172,792)	(172,792)	-	(5,003)	(5,003)
Adjustments for non-cash items:						
Depreciation and amortization	9,717	-	9,717	6,899	-	6,899
Income from investment in associate	-	-	-	-	(1,378)	(1,378)
Realized gain on available for sale investment	-	-	-	-	(13,298)	(13,298)
Realized gain on investment	-	(22,153)	(22,153)	-	-	-
Allowance for / (Reversal of) doubtful debts	8,043	-	8,043	(22,858)	-	(22,858)
Provision for end of service indemnities	(5,631)	-	(5,631)	(167)	-	(167)
	12,129	(194,945)	(182,816)	(16,126)	(19,679)	(35,805)
Changes in operating assets and liabilities:						
Premiums and reinsurers' receivable	(68,876)	-	(68,876)	180,790	-	180,790
Reinsurers' share of unearned premiums	30,103	-	30,103	(126,356)	-	(126,356)
Reinsurers' share of outstanding claims	161,526	-	161,526	(129,368)	-	(129,368)
Reinsurers' share of claims Incurred but not reported	77,409	-	77,409	52,844	-	52,844
Deferred policy acquisition costs	(24,148)	-	(24,148)	6,241	-	6,241
Prepayment and other assets	(27,060)	(3,326)	(30,386)	67,913	(3,739)	64,174
Deposit against letter of guarantee	30,312	-	30,312	(3,414)	-	(3,414)
Right of use assets	2,668	-	2,668	6,519	-	6,519
Accounts and commission payable	(126,046)	-	(126,046)	(14,343)	-	(14,343)
Accrued expenses and other liabilities	61,500	(82)	61,418	22,068	(139)	21,929
Lease liability	(4,528)	-	(4,528)	(7,670)	-	(7,670)
Reinsurers' balances payable	74,611	-	74,611	58,907	-	58,907
Gross unearned premiums	273,860	-	273,860	(78,352)	-	(78,352)
Unearned reinsurance commission	8,557	-	8,557	11,960	-	11,960
Gross outstanding claims	(176,484)	-	(176,484)	105,865	-	105,865
Claims incurred but not reported	105,140	-	105,140	(102,786)	-	(102,786)
Premium deficiency reserves	27,919	-	27,919	21,986	-	21,986
Other technical reserves	1,097	-	1,097	(1,945)	-	(1,945)
Due to related party	(366)	-	(366)	75	-	75
	439,323	(198,353)	240,970	54,808	(23,557)	31,251
Surplus paid to policyholders	(6,619)	-	(6,619)	(5,524)	-	(5,524)
Payment of employees end of service indemnities	(3,031)	-	(3,031)	(3,842)	-	(3,842)
Zakat and income tax paid	-	-	-	-	(2,742)	(2,742)
Net cash from / (used in) operating activities	429,673	(198,353)	231,320	45,442	(26,299)	19,143
CASH FLOWS FROM INVESTING ACTIVITIES						
Changes in investment in an associate	-	-	-	-	-	-
Interest on statutory deposit	-	1,920	1,920	-	1,348	1,348
Interest payable on statutory deposit	-	(1,920)	(1,920)	-	(1,348)	(1,348)
Increase in statutory deposit	-	(37,500)	(37,500)	-	-	-
Purchase of available for sale investments	-	-	-	(77,500)	(164,765)	(242,265)
Net purchase of available for sale investments	-	(86,766)	(86,766)	-	-	-
Proceeds from disposal of available for sale investments	-	-	-	57,500	119,522	177,022
(Placements) / proceeds in / from short term deposits	-	-	-	(50,000)	18,477	(31,523)
Placements in term deposits	-	(100,000)	(100,000)	-	-	-
Additions in property, equipment and intangible	(23,075)	-	(23,075)	(8,086)	-	(8,086)
Net cash (used in) / generated from investing activities	(23,075)	(224,266)	(247,341)	(78,086)	(26,766)	(104,852)
CASH FLOWS FROM FINANCING ACTIVITIES						
Due to / (from) shareholders operation	(274,142)	274,142	-	(31,300)	31,300	-
Net cash generated / (used in) from financing activities	(274,142)	274,142	-	(31,300)	31,300	-
Net change in cash and cash equivalents	132,456	(148,477)	(16,021)	(63,944)	(21,765)	(85,709)
Cash and cash equivalents, beginning of the period	87,035	389,968	477,003	272,589	66,076	338,665
Cash and cash equivalents, end of the period	219,491	241,491	460,982	208,645	44,311	252,956

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FOR THE THREE AND NINE MONTH PERIOD ENDED SEPTEMBER 30, 2022**

24 COMPARATIVE FIGURES

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

25 APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements have been approved by the Board of Directors of the Company on 09 Rabi' II 1444H, corresponding to 03 November 2022G.