

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

INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
AND INDEPENDENT AUDITORS' REVIEW REPORT
FOR THE THREE-MONTH AND NINE-MONTHS PERIODS ENDED 30 SEPTEMBER 2022

ALLIED COOPERATIVE INSURANCE GROUP (ACIG)
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2022

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INDEPENDENT AUDITORS' REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL STATEMENTS

To the Shareholders of
Allied Cooperative Insurance Group (ACIG)
(A Saudi Joint Stock Company)

INTRODUCTION

We have reviewed the accompanying interim statement of financial position of **Allied Cooperative Insurance Group (ACIG)** - 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 periods then ended and interim condensed statements of changes in equity and cashflows for the nine-month period then ended and other explanatory notes (the "interim condensed financial information"). Management is responsible for the preparation and presentation of this interim condensed financial information in accordance with International Accounting Standard 34 - "Interim Financial Reporting" ("IAS 34") that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on this interim condensed financial information based on our review.

SCOPE OF REVIEW

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" that is endorsed in the Kingdom of Saudi Arabia. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' as endorsed in the Kingdom of Saudi Arabia.

Al Azem, Al Sudairy, Al Shaikh & Partners
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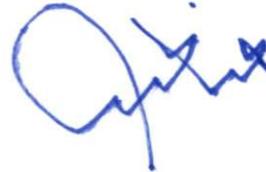


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Dated: November 08, 2022

Al Azem, Al Sudairy, Al shaikh & Partners corresponding to: Rabi Al-Akhir 14, 1444H
For Professional Consulting - M.C.Global R



ALLIED COOPERATIVE INSURANCE GROUP (ACIG)
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2022

	Notes	SAR '000	
		30 September 2022 (Unaudited)	31 December 2021 (Audited)
ASSETS			
Cash and cash equivalents	4	409,044	52,973
Term deposits	5	-	182,367
Premium and reinsurers' receivable, net	6	121,489	98,415
Reinsurers' share of unearned premiums	8.2	50,279	34,703
Reinsurers' share of outstanding claims	8.1	18,437	12,955
Reinsurers' share of claims incurred but not reported	8.1	10,290	8,498
Deferred policy acquisition cost		48,689	44,053
Due from a related party		1,985	1,985
Property and equipment, net		5,020	5,411
Intangible assets		5,991	5,585
Right of use assets, net	9	3,983	3,229
Available-for-sale investments	7	49,820	50,721
Prepayments and other receivables		79,106	60,489
Accrued commission on statutory deposit		2,137	1,871
Statutory deposit	11	43,650	30,000
TOTAL ASSETS		849,920	593,255



Managing Director



Chief Executive Officer



Chief Financial Officer

The accompanying notes 1 to 21 form an integral part of these interim condensed financial statements.

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

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION-(CONTINUED)

AS AT 30 SEPTEMBER 2022

	Notes	SAR '000	
		30 September 2022 (Unaudited)	31 December 2021 (Audited)
LIABILITIES			
Policyholders claim payable		20,338	20,789
Accrued and other payables		47,586	18,955
Reinsurance balances payable		34,747	24,749
Unearned commission income		1,308	1,261
Unearned premiums	8.2	396,314	301,744
Premium deficiency reserve	8.1	14,983	35,727
Other technical reserves	8.1	2,491	1,798
Outstanding claims	8.1	29,384	34,605
Claims incurred but not reported	8.1	116,514	80,865
Employees' terminal benefits		12,430	12,968
Lease liabilities	10	2,572	2,983
Surplus distribution payable		5,987	5,991
Zakat and income tax	14	8,481	16,913
Accrued commission on statutory deposit payable to SAMA		2,137	1,871
TOTAL LIABILITIES		695,272	561,219
EQUITY			
Share capital		291,000	141,000
Accumulated losses		(142,502)	(116,015)
Fair values reserve on available-for-sale investments		7,687	8,588
		156,185	33,573
Re-measurement reserve of employees' terminal benefits		(1,537)	(1,537)
TOTAL EQUITY		154,648	32,036
TOTAL LIABILITIES AND EQUITY		849,920	593,255
COMMITMENTS AND CONTINGENCIES		4,801	2,998


Managing Director


Chief Executive Officer


Chief Financial Officer

The accompanying notes 1 to 21 form an integral part of these interim condensed financial statements.

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

INTERIM CONDENSED STATEMENT OF INCOME
FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2022

	SAR'000			
	For the three month period ended		For the nine month period ended	
	30 September, 2022	30 September, 2021	30 September, 2022	30 September, 2021
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
REVENUES				
Gross premiums written	226,741	161,344	573,664	446,181
Reinsurance premiums ceded				
-Local	(389)	(489)	(1,026)	(1,381)
-Foreign	(26,868)	(23,035)	(80,793)	(55,160)
	(27,257)	(23,524)	(81,819)	(56,541)
Excess of loss premiums				
-Local	(473)	(586)	(889)	(1,288)
-Foreign	(818)	(705)	(1,334)	(1,760)
	(1,291)	(1,291)	(2,223)	(3,048)
NET PREMIUMS WRITTEN	198,193	136,529	489,622	386,592
Changes in unearned premiums, net	(54,994)	(12,304)	(78,992)	(31,012)
NET PREMIUMS EARNED	143,199	124,225	410,630	355,580
Reinsurance commission earned	923	666	3,105	3,346
Other underwriting income	7,695	10	9,484	284
TOTAL REVENUES	151,817	124,901	423,219	359,210
UNDERWRITING COSTS AND EXPENSES				
Gross claims paid	124,413	112,371	362,742	307,778
Reinsurers' share of claims paid	(13,663)	(9,835)	(36,021)	(27,629)
NET CLAIMS PAID	110,750	102,536	326,721	280,149
Changes in outstanding claims, net	(19,349)	(2,531)	(11,000)	630
Changes in claims incurred but not reported, net	22,284	1,762	33,743	2,795
NET CLAIMS INCURRED	113,685	101,767	349,464	283,574
Changes in loss adjustment expenses	308	9	693	85
Change in premium deficiency reserve	(15,899)	(135)	(20,743)	(7,655)
Policy acquisition costs	24,207	30,385	60,422	53,623
Other underwriting expenses	4,905	106	5,607	395
TOTAL UNDERWRITING COSTS AND EXPENSES	127,206	132,132	395,443	330,022
NET UNDERWRITING INCOME/ (LOSS)	24,611	(7,231)	27,776	29,188
OTHER OPERATING (EXPENSES)/ INCOME				
Allowance for doubtful debts	(657)	(382)	(3,026)	(1,418)
General and administrative expenses	(24,786)	(20,105)	(64,633)	(59,026)
Commission income on deposits	1,471	502	3,306	1,426
Investment income	392	496	1,401	1,264
Other income	-	91	257	124
TOTAL OTHER OPERATING EXPENSES	(23,580)	(19,398)	(62,695)	(57,630)
Profit/ (loss) for the period	1,031	(26,629)	(34,919)	(28,442)
Zakat reversal / (charge) for the period	(1,000)	(2,000)	8,432	(5,077)
Income / (loss) for the period after zakat	31	(28,629)	(26,487)	(33,519)
Income / (loss) attributed to the insurance operations	-	-	-	-
INCOME/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO THE SHAREHOLDERS	31	(28,629)	(26,487)	(33,519)
Weighted average number of ordinary shares outstanding -Restated 2021	29,100	19,458	33,284	19,458
BASIS AND DILUTED (LOSS) / EARNINGS PER SHARE (EXPRESSED IN SAR PER SHARE) -Restated 2021	0.001	(1.47)	(0.80)	(1.72)

Managing Director

Chief Executive Officer

Chief Financial Officer

The accompanying notes 1 to 21 form an integral part of these interim condensed financial statements.

ALLIED COOPERATIVE INSURANCE GROUP (ACIG)
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2022

	SAR'000			
	For the three month period ended		For the nine month period ended	
	30 September, 2022 (Unaudited)	30 September, 2021 (Unaudited)	30 September, 2022 (Unaudited)	30 September, 2021 (Unaudited)
Income/ (loss) for the period	31	(28,629)	(26,487)	(33,519)
OTHER COMPREHENSIVE (LOSS) / INCOME				
<i>ITEMS THAT ARE OR MAY BE RECLASSIFIED TO STATEMENTS OF INCOME IN SUBSEQUENT PERIODS</i>				
<i>Available-for-sale investments:</i>				
- Net change in fair value	4,907	(1,513)	2,003	526
TOTAL COMPREHENSIVE INCOME /(LOSS) FOR THE PERIOD	4,938	(30,142)	(24,484)	(32,993)
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO THE INSURANCE OPERATIONS	-	-	-	-
TOTAL COMPREHENSIVE (LOSS) / INCOME ATTRIBUTABLE TO THE SHAREHOLDERS	4,938	(30,142)	(24,484)	(32,993)



Managing Director



Chief Executive Officer



Chief Financial Officer

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ALLIED COOPERATIVE INSURANCE GROUP (ACIG)
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2022

	SAR'000				
	Share capital	Accumulated losses	Fair value reserve on available-for-sale investments	Re-measurement reserve of employees' terminal benefits	Total
30 September 2022					
Balance as at 01 January, 2022 (Audited)	141,000	(116,015)	8,588	(1,537)	32,036
Increase in share capital through right issue	150,000	-	-	-	150,000
Change in fair value reserve on available-for-sale investments (Note 7)	-	-	(901)	-	(901)
Net loss for the period attributable to the shareholders	-	(26,487)	-	-	(26,487)
Total comprehensive (loss) / income attributable to the shareholders	-	(26,487)	(901)	-	(27,388)
Balance as at 30 September 2022 (Unaudited)	291,000	(142,502)	7,687	(1,537)	154,648

	SAR'000				
	Share capital	Accumulated losses	Fair value reserve on available-for-sale investments	Re-measurement reserve of employees' terminal benefits	Total
30 September 2021					
Balance as at 01 January, 2021 (Audited)	141,000	(1,431)	7,126	(1,064)	145,631
Change in fair value reserve on available-for-sale investments	-	-	526	-	526
Net loss for the period attributable to the shareholders	-	(33,519)	-	-	(33,519)
Total comprehensive (loss) income attributable to the shareholders	-	(33,519)	526	-	(32,993)
Balance as at 30 September 2021 (Unaudited)	141,000	(34,950)	7,652	(1,064)	112,638

 _____ Managing Director	 _____ Chief Executive Officer	 _____ Chief Financial Officer
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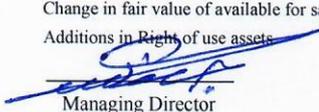
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ALLIED COOPERATIVE INSURANCE GROUP (ACIG)
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED STATEMENT OF CASH FLOWS
FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2022

		SAR '000	
		For the nine month period ended	
		30 September, 2022	30 September, 2021
		(Unaudited)	(Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss for the period before zakat	<i>Notes</i>	(34,919)	(28,442)
Adjustments for non-cash items:			
Depreciation of property and equipment		1,105	1,312
Amortisation on right of use assets		1,993	1,509
Finance cost of lease liability		98	114
Amortisation of intangible assets		965	726
Employees' terminal benefits		1,949	840
(Allowance for) / release of doubtful debts	<i>6.1</i>	3,026	1,418
		(25,783)	(22,523)
Changes in operating assets and liabilities:			
Premiums and reinsurers' receivable		(26,100)	(32,176)
Reinsurers' share of unearned premiums		(15,576)	(6,995)
Reinsurers' share of outstanding claims		(5,482)	(1,519)
Reinsurers' share of claims incurred but not reported		(1,792)	(1,077)
Deferred policy acquisition costs		(4,636)	(7,010)
Prepayments and other receivables		(18,617)	(8,791)
Policyholders claims payable		(451)	12,814
Accrued and other payables		28,631	(7,245)
Reinsurance payables		9,998	7,410
Unearned commission income		47	86
Unearned premiums		94,570	38,006
Premium deficiency reserve		(20,744)	(7,656)
Other technical reserves		693	84
Outstanding claims		(5,221)	2,845
Claims incurred but not reported		35,649	3,177
Surplus distribution payable		(4)	-
Employees' terminal benefits paid		(2,487)	(623)
Zakat and income tax paid		-	(2,319)
Net cash generated from/ (used in) operating activities		42,695	(33,512)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment		(714)	(1,215)
Purchase of intangible assets		(1,371)	(905)
Payment of lease liability		(3,256)	(2,129)
(Placement) / maturity of term deposits		182,367	119,331
Increase in Statutory deposit		(13,650)	-
Net cash generated from investing activities		163,376	115,082
CASH FLOWS FROM FINANCING ACTIVITIES			
Issuance of share capital		150,000	-
Net cash generated from financing activities		150,000	115,082
Net change in cash and cash equivalents		356,071	81,570
Cash and cash equivalents, beginning of the period		52,973	52,973
Cash and cash equivalents, end of the period		409,044	134,543

NON-CASH INFORMATION

Change in fair value of available for sale investments	(901)	526
Additions in Right of use assets	2,747	18


Managing Director


Chief Executive Officer


Chief Financial Officer

The accompanying notes 1 to 21 form an integral part of these interim condensed financial statements.

ALLIED COOPERATIVE INSURANCE GROUP (ACIG)

(A SAUDI JOINT STOCK COMPANY)

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

1 ORGANIZATION AND PRINCIPAL ACTIVITIES

Allied Cooperative Insurance Group (“the Company” or “ACIG”) is a Saudi Joint Stock Company incorporated in the Kingdom of Saudi Arabia under Commercial Registration No. 1010417178 dated Shabaan 9,1428H, corresponding to 22 August 2007. The registered office of the Company is situated at Hteen district, Prince Turki bin Abdulaziz Road, Riyadh.

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

The Company has 3 registered branches as set out below:

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

Proposed Merger

The Company signed a non-binding Memorandum of Understanding (the “MOU”) with Amana Cooperative Insurance Company on 07/02/1444H (corresponding to 03/09/2022G) to evaluate a potential merger between the two companies. As per the said announcement, both companies will conduct technical, financial, legal and actuarial due diligence and engage in non-binding discussions on the terms and conditions of the potential merger. The two companies have initially agreed that the methodology used for valuation will be based on equity book value (after any mutually agreed due diligence adjustments). Subsequent to the period ended 30 September 2022, On 15-03-1444 AH (corresponding to 11-10-2022), the Company announced the appointment of Alinma Investment Company as financial advisor to assess the company's financial position for the purposes of the feasibility of merging with Amana Cooperative Insurance Company.

2 BASIS OF PREPARATION

(a) Statement of compliance

The interim condensed financial statements of the Company as at and for the three- month and nin- month periods ended 30 September 2022 have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” (IAS 34) as endorsed in Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”).

(b) Basis of preparation and measurement

The Company incurred loss for the nine- months period ended 30 September 2022 of SAR 24.29 million (30 September 2021: Loss for the nine- months period ended was SAR 32.9 million) and, as of that date, the accumulated losses of the Company as at 30 September 2022 are 48.97% of its share capital (82%: 31 December 2022) and the solvency margin of the Company reached to 79% (31 December 2021: -117%). The reason for these losses is primarily attributed to unexpected increase in the number of motor accidents and the average motor claims cost (including policy acquisition cost) across the Kingdom of Saudi Arabia. Owing to these factors, the Company has recorded premium deficiency reserve and claims incurred but not reported as at period end for motor line of business, amounting to SAR 14.9 million (31 December 2021: SAR 35.7 million) and SAR 88.2 million (31 December 2021: SAR 53.1 million) respectively, along with its policy acquisition cost of SAR 48.8 million during the current period as compared to SAR 44.6 million during the compared period. These events and conditions indicate material uncertainties on the Company's ability to continue as going concern.

Considering the above, various strategic options including capital restructuring were considered by the Board of Directors to ensure appropriateness of the Company's going concern assumption as at year end. Amongst such strategic options, the Board of Directors approved a business plan for 2022 on 21 December 2021. The plan is based on the adjusted prices for motor line of business for improving the net premium written and control over expenses and loss ratios. Moreover, the Shareholders, in an extraordinary general assembly meeting held on 29 December 2021, resolved to increase the share capital by SAR 150 million (representing 15 million shares) by way of right issue to further strength its liquidity position. The above right issue process was completed in tranches during the six-month periods ended 30 June 2022 and the resulting total proceeds from the right issue was received on 7 March 2022 (Refer to Note 15).

The above plan demonstrates that the Company will be able to continue as a going concern for foreseeable future. Accordingly, the financial statements have been prepared on a going concern basis.

ALLIED COOPERATIVE INSURANCE GROUP (ACIG)

(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS-(CONTINUED)
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2022**

2 BASIS OF PREPARATION-(CONTINUED)

(b) Basis of preparation and measurement-(Continued)

These interim condensed financial statements have been prepared under going concern basis and historical cost convention except for the measurement at fair value of investments held as fair value through other comprehensive income and employees' defined benefit obligations which is recognized at the present value of future obligations using the projected unit credit method. The Company's statement of financial position is not presented using a current/non-current classification. However, the following balances would generally be classified as current: cash and cash equivalents, short term deposits, premiums and reinsurers' receivable - net, reinsurers' share of unearned premiums, deferred policy acquisition costs, deferred excess of loss premiums, prepayments and other assets, policyholders payable, reinsurers balances payable, accrued and other liabilities, unearned premiums, unearned reinsurance commission, outstanding claims, claims incurred but not reported, premium deficiency reserve, other technical reserves and Zakat and income tax payable. All other financial statement line items would generally be classified as non-current, unless stated otherwise.

The Company presents its statement of financial position in order of liquidity. As required by the Saudi Arabian Insurance Regulations, the Company maintains separate books of accounts for Insurance Operations and Shareholders' Operations and presents the financial statements accordingly (Note 18). Assets, liabilities, revenues and expenses clearly attributable to either activity are recorded in the respective accounts. The basis of allocation of expenses from joint operations is determined and approved by the management and the Board of Directors.

The interim statement of financial position, statements of income, comprehensive income and cash flows of the insurance operations and shareholders' operations which are presented in Note 18 of the interim condensed financial statements have been provided as supplementary financial information to comply with the requirements of the guidelines issued by SAMA implementing regulations and is not required under IFRSs. SAMA implementing regulations requires the clear segregation of the assets, liabilities, income and expenses of the insurance operations and the shareholders' operations. Accordingly, the interim statements of financial position, statements of income, comprehensive income and cash flows prepared for the insurance operations and shareholders' operations as referred to above, reflect only the assets, liabilities, income, expenses and comprehensive gains or losses of the respective operations.

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

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

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

In case of deficit arising from the insurance operations, the entire deficit is allocated and transferred to the shareholders' operations in full.

In accordance with Article 70 of SAMA implementing regulations, the Company proposes to distribute, subject to the approval of SAMA, its annual net policyholders' surplus directly to policyholders at a time, and according to criteria, as set by its Board of Directors.

(c) Functional and presentation currency

These interim condensed financial statements have been presented in Saudi Arabian Riyals ("SAR"), which is also the functional currency of the Company. All financial information presented in SAR has been rounded to the nearest thousands, except where otherwise indicated.

d) Fiscal year

The Company's fiscal year is aligned with the calendar year i.e. it begins at 1 January and ends at 31 December.

e) Critical accounting judgments, estimates and assumptions

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

2 BASIS OF PREPARATION-(CONTINUED)

e) Critical accounting judgments, estimates and assumptions-(Continued)

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

3 SIGNIFICANT ACCOUNTING POLICIES

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

A STANDARDS ISSUED BUT NOT YET EFFECTIVE

IFRS 9 - Financial Instruments

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

a) Classification and measurement:

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

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

The financial asset is measured at fair value through other comprehensive income and realized gains or losses would be recycled through profit or loss upon sale, if both conditions are met:

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows and for sale; and
- the contractual terms of cash flows are SPPI

Debt financial assets not meeting either of these categories are measured at fair value through profit or loss. Additionally, at initial recognition, an entity can use the option to designate a financial asset, both debt and equity instrument at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch. For equity instruments that are not held for trading, an entity can also make an irrevocable election to present in other comprehensive income subsequent changes in the fair value of the instruments (including realized gains and losses), dividends being recognized in statement of income.

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

b) Impairment:

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

c) Hedge Accounting:

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

3 SIGNIFICANT ACCOUNTING POLICIES-(CONTINUED)

A STANDARDS ISSUED BUT NOT YET EFFECTIVE-(CONTINUED)

IFRS 9 - Financial Instruments-"(Continued)"

Effective date:

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

1) Apply a temporary exemption from implementing IFRS 9 until the earlier of

a. the effective date of a new insurance contract standard; or

b. annual reporting periods beginning on or after 1 January 2021. On 17 March 2020, the International Accounting Standards Board (“IASB”) decided to extend the effective date of IFRS 17 and the IFRS 9 temporary exemption in IFRS 4 from 1 January 2021 to 1 January 2023. Additional disclosures related to financial assets are required during the deferral period. This option is only available to entities whose activities are predominately connected with insurance and have not applied IFRS 9 previously; or

2. Adopt IFRS 9 but, for designated financial assets, remove from profit or loss the effects of some of the accounting mismatches that may occur before the new insurance contract standard is implemented. During the year, additional disclosures are required.

The Company has performed a detailed assessment beginning 1 January 2017: (1) The carrying amount of the Company’s liabilities arising from contracts within the scope of IFRS 4 (including deposit components or embedded derivatives unbundled from insurance contracts) were compared to the total carrying amount of all its liabilities; and (2) the total carrying amount of the company’s liabilities connected with insurance were compared to the total carrying amount of all its liabilities. Based on these assessments the Company determined that it is eligible for the temporary exemption. Consequently, the Company has decided to defer the implementation of IFRS 9 until the effective date of the new insurance contracts standard. Disclosures related to financial assets required during the deferral period are included in the Company’s annual financial statements for the year ended 31 December 2021.

Impact assessment

Overall, the Company expects some impact of applying the impairment requirements of IFRS 9 on the financial statements of the Company. However, the impact of the same is not expected to be significant. At present it is not possible to provide reasonable estimate of the effects of application of this new standard as the Company is yet to perform a detailed review.

IFRS 17 - “Insurance Contracts”

Overview

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

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

A) embedded derivatives, if they meet certain specified criteria;

B) distinct investment components; and

C) any promise to transfer distinct goods or non-insurance services. These components should be accounted for separately in accordance with the related standards (IFRS 9 and IFRS 15).

Measurement

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

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3 SIGNIFICANT ACCOUNTING POLICIES-(CONTINUED)

A STANDARDS ISSUED BUT NOT YET EFFECTIVE-(CONTINUED)

IFRS 17 - “Insurance Contracts”-(Continued)

Measurement-(Continued)

The General model is based on the following “building blocks”:

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

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

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

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

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

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

I. changes in the entity’s share of the fair value of underlying items; and

II. changes in the effect of the time value of money and financial risks not relating to the underlying items.

Effective date

The Company intends to apply the Standard on its effective date i.e. 1 January 2023. Earlier application is permitted if both IFRS 15 – Revenue from Contracts with Customers and IFRS 9 – Financial Instruments have also been applied. The Company intends to apply this standard on its effective date.

Transition

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

Presentation and Disclosures

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

Impact:

The Company is currently assessing the impact of the application and implementation of IFRS 17. As of the date of the publication of these financial statements, the financial impact of adopting the standard has yet to be fully assessed by the Company. The Company expects a material impact on measurement and disclosure of insurance and cession that will affect both the statement of income and the statement of financial position. The Company has decided not to early adopt this new standard.

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The Company has started its implementation process and has set up a project team, supervised by an IFRS executive management committee.

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

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

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

The Company has started its implementation process and has set up a project team, supervised by Company's CEO. Furthermore, to assess financial and operational impact of IFRS 17, the Company has hired SHMA Consulting as their consultants.

The effective interpretations/improvement/amendments do not have material impact on these financial statements of the Company.

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4 CASH AND CASH EQUIVALENTS

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

	SAR'000	
	30 September 2022 (Unaudited)	31 December 2021 (Audited)
<i>Insurance operations</i>		
Bank balances and cash	21,001	49,928
Deposits maturing within 3 month from the acquisition date	320,427	3,045
	341,428	52,973
<i>Shareholders' operations</i>		
Bank balances and cash	6,189	-
Deposits maturing within 3 month from the acquisition date	61,427	-
	67,616	-
	409,044	52,973

4.1 Term deposits are held with the commercial banks. These term deposits are denominated in Saudi Arabian Riyals and have been an original maturity of less than three months. The carrying amounts of these term deposits reasonably approximate their fair values at the reporting date. These deposit earn commission at an average of **3.78%** per annum as at 30 September 2022 (31 December 2021:1.05%).

5 TERM DEPOSITS

		SAR'000	
		30 September 2022 (Unaudited)	31 December 2021 (Audited)
<i>Insurance operations</i>			
Term deposits	5.1	-	182,367
		-	182,367
<i>Shareholders' operations</i>			
Term deposits	5.1	-	-
		-	-
		-	182,367

5.1 Term deposits are held with the commercial banks. These term deposits are denominated in Saudi Arabian Riyals and have been an original maturity of more than three months and less than twelve months. The carrying amounts of these term deposits reasonably approximate their fair values at the reporting date. These deposit earn commission at an average of 1.07 % per annum as at 31 December 2021.

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6 PREMIUM AND REINSURERS' RECEIVABLE, NET

Receivables comprise amounts due from the following:

	SAR'000	
	30 September 2022 (Unaudited)	31 December 2021 (Audited)
Due from policyholders	80,434	56,009
Due from policyholders – related parties – (note 13)	-	1,820
Due from brokers and agents	49,767	44,868
Receivables from reinsurers	5,043	6,447
	135,244	109,144
Less: Allowance for doubtful debts (note 6.1)	(13,755)	(10,729)
Premium and reinsurers' receivable – net	121,489	98,415

6.1 As at 30 September 2022, the movement in allowance for doubtful debts during the period / year was as follows:

	SAR'000	
	30 September 2022 (Unaudited)	31 December 2021 (Audited)
Balance at the beginning of the period / year	10,729	8,723
Provided during the period / year	3,026	2,006
Balance at end of period / year	13,755	10,729

7 AVAILABLE-FOR-SALE INVESTMENTS

All available-for-sale investments are in shareholders' operations and comprise the following :

a) Investment securities are classified as follows:

	SAR'000	
	30 September 2022 (Unaudited)	31 December 2021 (Audited)
Investment in Sukuk	20,000	20,000
Quoted securities	12,593	11,508
Unquoted securities	1,923	1,923
Quoted local real estate fund	15,304	17,290
	49,820	50,721

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7 AVAILABLE-FOR-SALE INVESTMENTS (CONTINUED)

b) Movements in available-for-sale investments are as follows:

	SAR'000				
	Investment in Sukuk	Quoted securities	Unquoted securities	Units in quoted local real estate fund	Total
As at 01 January 2022 – (audited)	20,000	11,508	1,923	17,290	50,721
Changes in fair value of investments	-	1,085	-	(1,986)	(901)
As at 30 September 2022– (unaudited)	20,000	12,593	1,923	15,304	49,820

	SAR'000				
	Investment in Sukuk	Quoted securities	Unquoted securities	Units in quoted local real estate fund	Total
As at 01 January 2021 –(audited)	20,000	11,177	1,923	16,159	49,259
Changes in fair value of investments	-	331	-	1,131	1,462
As at 31 December 2021 – (audited)	20,000	11,508	1,923	17,290	50,721

8 TECHNICAL RESERVES (INSURANCE OPERATIONS)

8.1 Net outstanding claims and reserves

Net outstanding claims and reserves comprise of the following:

	SAR'000	
	30 September 2022 (Unaudited)	31 December 2021 (Audited)
Outstanding claims	29,384	34,605
	29,384	34,605
Claims incurred but not reported	116,514	80,865
Premium deficiency reserve	14,983	35,727
Other technical reserves	2,491	1,798
	163,372	152,995
Less:		
Reinsurers' share of outstanding claims	(18,437)	(12,955)
Reinsurers' share of claims incurred but not reported	(10,290)	(8,498)
	(28,727)	(21,453)
Net outstanding claims and reserves	134,645	131,542

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8 TECHNICAL RESERVES (INSURANCE OPERATIONS)-(CONTINUED)

8.2 Movement in unearned premiums

Movement in unearned premiums comprise of the following:

	For the nine-month periods ended 30 September 2022		
	(Unaudited)		
	SAR'000		
	Gross	Reinsurance	Net
Balance as at the beginning of the period	301,744	(34,703)	267,041
Premium written during the period	573,664	(84,042)	489,622
Premium earned during the period	(479,094)	68,466	(410,628)
Balance as at the end of the period	396,314	(50,279)	346,035

	For the year ended December 31, 2021 (Audited)		
	SAR'000		
	Gross	Reinsurance	Net
Balance as at the beginning of the year	264,469	(27,393)	237,076
Premium written during the year	592,588	(78,531)	514,057
Premium earned during the year	(555,313)	71,221	(484,092)
Balance as at the end of the year	301,744	(34,703)	267,041

9 RIGHT OF USE ASSETS, NET

	SAR'000	
	30 September 2022 (Unaudited)	31 December 2021 (Audited)
Cost:		
At beginning of the period / year	10,091	10,073
Additions	2,747	18
As at end of period / year	12,838	10,091
Accumulated amortization		
At beginning of the period / year	(6,862)	(4,851)
Charge for the period / year	(1,993)	(2,011)
As at end of period / year	(8,855)	(6,862)
Net book value	3,983	3,229

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10 LEASE LIABILITIES

	SAR'000	
	30 September 2022 (Unaudited)	31 December 2021 (Audited)
Liabilities:		
At beginning of the period / year	10,736	10,593
Additions during the period	2,747	-
finance costs	98	143
As at end of period / year	13,581	10,736
Payments:		
At beginning of the period / year	(7,753)	(5,619)
Paid during the period / year	(3,256)	(2,134)
As at end of period / year	(11,009)	(7,753)
Total lease liabilities	2,572	2,983

11 STATUTORY DEPOSIT

	SAR'000	
	30 September 2022 (Unaudited)	31 December 2021 (Audited)
<i>Shareholders' operations</i>		
Statutory deposit	43,650	30,000

As required by Saudi Arabian Insurance Regulations, the Company had deposited 15% of its increased paid up capital of SAR 291 million (Note 15), in a bank designated by the Saudi Central Bank (SAMA). The Company cannot withdraw this deposit without SAMA's approval and commission accruing on this deposit is payable to SAMA.

12 SEGMENTAL INFORMATION

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

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

Segment results do not include general and administrative expenses, allowance for doubtful debts and other income. Segment assets do not include cash and cash equivalents, term deposits, available-for-sale investments, prepayments and other receivables, due from a related party property and equipment, net, intangible assets and right of use assets, net. Segment liabilities do not include reinsurance payables, accrued expenses and other liabilities, due to shareholders' operations and employees' terminal benefits.

These unallocated assets and liabilities are not reported to chief operating decision maker under related segments and are monitored on a centralized basis.

The segment information provided to the Company's Board of Directors for the reportable segments for the Company's total assets and liabilities at 30 September 2022 and 31 December 2021, its total revenues, expenses, and net income for the period then ended, are as follows:

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12 SEGMENTAL INFORMATION (CONTINUED)

	As at 30 September 2022 (Unaudited)						
	Medical	Motor	General Accident	Others	Total - Insurance Operations	Shareholders' Operations	Total
	SAR'000						
Assets							
Cash and cash equivalents	-	-	-	-	341,204	67,840	409,044
Term deposits	-	-	-	-	-	-	-
Premiums and reinsurers' receivable - net	-	-	-	-	121,489	-	121,489
Reinsurers' share of unearned premiums	35,953	-	3,560	10,766	50,279	-	50,279
Reinsurers' share of outstanding claims	9,697	3,399	2,911	2,430	18,437	-	18,437
Reinsurers' share of claims incurred but not reported	9,510	-	324	456	10,290	-	10,290
Deferred policy acquisition costs	6,566	40,580	1,011	532	48,689	-	48,689
Available-for-sale investments	-	-	-	-	-	49,820	49,820
Unallocated assets	-	-	-	-	91,433	50,439	141,872
Total assets	61,726	43,979	7,806	14,184	681,821	168,099	849,920
Liabilities							
Policyholders claim payable	-	-	-	-	20,338	-	20,338
Reinsurers' balances payable	-	-	-	-	34,747	-	34,747
Unearned premiums	107,126	256,864	20,809	11,515	396,314	-	396,314
Unearned commission income	-	-	183	1,125	1,308	-	1,308
Outstanding claims	23,375	(3,919)	7,280	2,648	29,384	-	29,384
Claims incurred but not reported	23,184	88,272	4,468	590	116,514	-	116,514
Premium deficiency reserves	-	14,983	-	-	14,983	-	14,983
Other technical reserves	309	1,967	27	188	2,491	-	2,491
Unallocated liabilities and equity	-	-	-	-	65,742	168,099	233,841
Total liabilities and insurance operations` surplus	153,994	358,167	32,767	16,066	681,821	168,099	849,920

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12 SEGMENTAL INFORMATION (CONTINUED)

As at 31 December 2021 (Audited)

	Medical	Motor	General Accident	Others	Total - Insurance Operations	Shareholders' Operations	Total
	SAR'000						
Assets							
Cash and cash equivalents	-	-	-	-	52,973	-	52,973
Term Deposits					182,367	-	182,367
Premiums and reinsurers' receivable - net	-	-	-	-	98,415	-	98,415
Reinsurers' share of unearned premiums	17,798	-	5,309	11,596	34,703	-	34,703
Reinsurers' share of outstanding claims	6,089	3,399	1,464	2,003	12,955	-	12,955
Reinsurers' share of claims Incurred but not	7,719	-	324	455	8,498	-	8,498
Deferred policy acquisition costs	3,858	38,906	728	561	44,053	-	44,053
Available-for-sale investments	-	-	-	-	-	50,721	50,721
Unallocated assets	-	-	-	-	74,160	36,755	110,915
Total assets	35,464	42,305	7,825	14,615	508,124	87,476	595,600
Liabilities							
Policyholders claim payable	-	-	-	-	20,789	-	20,789
Reinsurers' balances payable	-	-	-	-	24,749	-	24,749
Unearned premiums	70,575	200,688	17,944	12,537	301,744	-	301,744
Unearned commission income	-	-	320	941	1,261	-	1,261
Outstanding claims	17,670	8,149	7,569	1,217	34,605	-	34,605
Claims incurred but not reported	22,679	53,128	4,468	590	80,865	-	80,865
Premium deficiency reserves	-	35,727	-	-	35,727	-	35,727
Other technical reserves	279	1,303	188	28	1,798	-	1,798
Unallocated liabilities and equity	-	-	-	-	6,586	87,476	94,062
Total liabilities and insurance operations` surplus	111,203	298,995	30,489	15,313	508,124	87,476	595,600

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12 SEGMENTAL INFORMATION (CONTINUED)

For the three-month periods ended 30 September 2022 (Unaudited)

	Medical	Motor	General Accident	Others	Total Insurance Operations	Shareholders' Operations	Total
SAR'000							
<u>REVENUES</u>							
Gross premiums written	57,213	155,832	5,892	7,804	226,741	-	226,741
Reinsurance premiums ceded							
-Local	-	-	(20)	(369)	(389)	-	(389)
-Foreign	(19,330)	-	(607)	(6,931)	(26,868)	-	(26,868)
	(19,330)	-	(627)	(7,300)	(27,257)	-	(27,257)
Excess of loss premiums							
-Local	-	(427)	(2)	(44)	(473)	-	(473)
-Foreign	-	(840)	-	22	(818)	-	(818)
	-	(1,267)	(2)	(22)	(1,291)	-	(1,291)
Net premiums written	37,883	154,565	5,263	482	198,193	-	198,193
Changes in unearned premiums, net	(1,454)	(52,264)	(1,232)	(44)	(54,994)	-	(54,994)
Net premiums earned	36,429	102,301	4,031	438	143,199	-	143,199
Reinsurance commission income	-	-	146	777	923	-	923
Other underwriting income	3,378	-	4,317	-	7,695	-	7,695
<u>TOTAL REVENUES</u>	<u>39,807</u>	<u>102,301</u>	<u>8,494</u>	<u>1,215</u>	<u>151,817</u>	<u>-</u>	<u>151,817</u>
<u>UNDERWRITING COSTS AND EXPENSES</u>							
Gross claims paid	34,817	89,073	458	65	124,413	-	124,413
Reinsurers' share of claims paid	(13,536)	-	(62)	(65)	(13,663)	-	(13,663)
Net claims paid	21,281	89,073	396	-	110,750	-	110,750
Changes in outstanding claims, net	(1,298)	(18,431)	199	181	(19,349)	-	(19,349)
Changes in claims incurred but not reported, net	(817)	23,101	-	-	22,284	-	22,284
Net claims incurred	19,166	93,743	595	181	113,685	-	113,685
Change in loss adjustment expenses	(8)	316	-	-	308	-	308
Changes in premium deficiency reserve	-	(15,899)	-	-	(15,899)	-	(15,899)
Policy acquisition costs	3,996	19,622	243	346	24,207	-	24,207
Other underwriting expenses	600	4,305	-	-	4,905	-	4,905
<u>TOTAL UNDERWRITING COSTS AND EXPENSES</u>	<u>23,754</u>	<u>102,087</u>	<u>838</u>	<u>527</u>	<u>127,206</u>	<u>-</u>	<u>127,206</u>
NET UNDERWRITING INCOME/(LOSS)	16,053	214	7,656	688	24,611	-	24,611
<u>OTHER OPERATING (EXPENSES) / INCOME</u>							
Allowance for doubtful debts					(657)	-	(657)
General and administrative expenses					(23,735)	(1,051)	(24,786)
Commission income on deposits					688	783	1,471
Investment income					-	392	392
Other income					-	-	-
<u>TOTAL OTHER OPERATING EXPENSES, NET</u>					<u>(23,704)</u>	<u>124</u>	<u>(23,580)</u>
Income for the period							1,031
Zakat charged for the period							(1,000)
Net Surplus							31
Profit transferred to shareholders							(31)
<u>NET RESULT AFTER TRANSFER OF SURPLUS TO SHAREHOLDERS</u>							<u>-</u>

ALLIED COOPERATIVE INSURANCE GROUP (ACIG)
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FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2022
12 SEGMENTAL INFORMATION (CONTINUED)

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

	Medical	Motor	General accident	Others	Total insurance operations	Shareholders' operations	Total
	SAR'000						
REVENUES							
Gross premiums written	45,109	100,018	3,796	12,421	161,344	-	161,344
Reinsurance premiums ceded							
-Local	(16)	-	(3)	(470)	(489)	-	(489)
-Foreign	(11,097)	-	(793)	(11,145)	(23,035)	-	(23,035)
	(11,113)	-	(796)	(11,615)	(23,524)	-	(23,524)
Excess of loss premiums							
-Local	-	(471)	1	(116)	(586)	-	(586)
-Foreign	-	(705)	3	(3)	(705)	-	(705)
	-	(1,176)	4	(119)	(1,291)	-	(1,291)
Net premiums written	33,996	98,842	3,004	687	136,529	-	136,529
Changes in unearned premiums, net	(2,791)	(9,414)	83	(182)	(12,304)	-	(12,304)
Net premiums earned	31,205	89,428	3,087	505	124,225	-	124,225
Reinsurance commission income	-	-	200	466	666	-	666
Other underwriting income	4	-	6	-	10	-	10
TOTAL REVENUES	31,209	89,428	3,293	971	124,901	-	124,901
UNDERWRITING COSTS AND EXPENSES							
Gross claims paid	31,168	79,448	1,312	443	112,371	-	112,371
Reinsurers' share of claims paid	(9,635)	-	(70)	(130)	(9,835)	-	(9,835)
Net claims paid	21,533	79,448	1,242	313	102,536	-	102,536
Changes in outstanding claims, net	852	(2,377)	(813)	(193)	(2,531)	-	(2,531)
Changes in claims incurred but not reported, net	(563)	2,325	-	-	1,762	-	1,762
Change in loss adjustment expenses	5	32	(10)	(18)	9	-	9
Net claims incurred	21,827	79,428	419	102	101,776	-	101,776
Changes in premium deficiency reserve	(630)	495	-	-	(135)	-	(135)
Policy acquisition costs	2,625	27,232	198	330	30,385	-	30,385
Other underwriting expenses	2	104	-	-	106	-	106
TOTAL UNDERWRITING COSTS AND EXPENSES	23,824	107,259	617	432	132,132	-	132,132
NET UNDERWRITING (LOSS) /INCOME	7,385	(17,831)	2,676	539	(7,231)	-	(7,231)
OTHER OPERATING (EXPENSES) / INCOME							
Allowance for doubtful debts					(382)	-	(382)
General and administrative expenses					(19,480)	(625)	(20,105)
Commission income on deposits					398	104	502
Investment income					-	496	496
Other income					91	-	91
TOTAL OTHER OPERATING EXPENSES, NET	-	-	-	-	(19,373)	(25)	(19,398)
Loss for the period							(26,629)
Zakat charge for the period							(2,000)
Net deficit							(28,629)
Loss transferred to shareholders							28,629
NET RESULT AFTER TRANSFER OF SURPLUS TO SHAREHOLDERS							-

ALLIED COOPERATIVE INSURANCE GROUP (ACIG)
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12 SEGMENTAL INFORMATION (CONTINUED)

For the nine-month periods ended 30 September 2022 (Unaudited)

	Medical	Motor	General Accident	Others	Total Insurance Operations	Shareholders' Operations	Total
	SAR'000						
REVENUES							
Gross premiums written	178,315	355,683	18,693	20,973	573,664	-	573,664
Reinsurance premiums ceded							
-Local	-	-	(46)	(980)	(1,026)	-	(1,026)
-Foreign	(59,399)	-	(2,874)	(18,520)	(80,793)	-	(80,793)
	(59,399)	-	(2,920)	(19,500)	(81,819)	-	(81,819)
Excess of loss premiums							
-Local	-	(751)	(5)	(133)	(889)	-	(889)
-Foreign	-	(1,126)	(7)	(201)	(1,334)	-	(1,334)
	-	(1,877)	(12)	(334)	(2,223)	-	(2,223)
Net premiums written	118,916	353,806	15,761	1,139	489,622	-	489,622
Changes in unearned premiums, net	(18,397)	(56,177)	(4,613)	195	(78,992)	-	(78,992)
Net premiums earned	100,519	297,629	11,148	1,334	410,630	-	410,630
Reinsurance commission income	-	-	533	2,572	3,105	-	3,105
Other underwriting income	4,125	-	5,359	-	9,484	-	9,484
TOTAL REVENUES	104,644	297,629	17,040	3,906	423,219	-	423,219
UNDERWRITING COSTS AND EXPENSES							
Gross claims paid	99,158	261,391	1,845	348	362,742	-	362,742
Reinsurers' share of claims paid	(35,504)	-	(236)	(281)	(36,021)	-	(36,021)
Net claims paid	63,654	261,391	1,609	67	326,721	-	326,721
Changes in outstanding claims, net	2,213	(12,480)	(777)	44	(11,000)	-	(11,000)
Changes in claims incurred but not reported, net	(1,400)	35,143	-	-	33,743	-	33,743
Net claims incurred	64,467	284,054	832	111	349,464	-	349,464
Change in loss adjustment expenses	30	663	-	-	693	-	693
Changes in premium deficiency reserve	-	(20,743)	-	-	(20,743)	-	(20,743)
Policy acquisition costs	9,782	48,852	737	1,051	60,422	-	60,422
Other underwriting expenses	1,227	4,380	-	-	5,607	-	5,607
TOTAL UNDERWRITING COSTS AND EXPENSES	75,506	317,206	1,569	1,162	395,443	-	395,443
NET UNDERWRITING INCOME / (LOSS)	29,138	(19,577)	15,471	2,744	27,776	-	27,776
OTHER OPERATING (EXPENSES) / INCOME							
Allowance for doubtful debts					(3,026)	-	(3,026)
General and administrative expenses					(63,910)	(723)	(64,633)
Commission income on deposits					2,211	1,095	3,306
Investment income					-	1,401	1,401
Other income					-	257	257
TOTAL OTHER OPERATING EXPENSES / INCOME					(64,725)	2,030	(62,695)
Loss for the period							(34,919)
Zakat reversal during the period							8,432
Net deficit							(26,487)
Loss transferred to shareholders							26,487
NET RESULT AFTER TRANSFER OF LOSS TO SHAREHOLDERS							-

ALLIED COOPERATIVE INSURANCE GROUP (ACIG)
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12 SEGMENTAL INFORMATION (CONTINUED)

	For the nine month period ended September 30, 2021 (Unaudited)						Total
	Medical	Motor	General Accident	Others	Total Insurance Operations	Shareholders' Operations	
	SAR'000						
REVENUES							
Gross premiums written	125,895	283,959	11,417	24,910	446,181	-	446,181
Reinsurance premiums ceded							
-Local	(152)	-	(55)	(1,174)	(1,381)	-	(1,381)
-Foreign	(30,643)	-	(2,722)	(21,795)	(55,160)	-	(55,160)
	(30,795)	-	(2,777)	(22,969)	(56,541)	-	(56,541)
Excess of loss premiums							
-Local	-	(1,081)	(2)	(205)	(1,288)	-	(1,288)
-Foreign	-	(1,621)	(2)	(137)	(1,760)	-	(1,760)
	-	(2,702)	(4)	(342)	(3,048)	-	(3,048)
Net premiums written	95,100	281,257	8,636	1,599	386,592	-	386,592
Changes in unearned premiums, net	(6,938)	(24,106)	314	(282)	(31,012)	-	(31,012)
Net premiums earned	88,162	257,151	8,950	1,317	355,580	-	355,580
Reinsurance commission income	-	-	520	2,826	3,346	-	3,346
Other underwriting income	66	33	185	-	284	-	284
TOTAL REVENUES	88,228	257,184	9,655	4,143	359,210	-	359,210
UNDERWRITING COSTS AND EXPENSES							
Gross claims paid	91,204	213,868	2,169	537	307,778	-	307,778
Reinsurers' share of claims paid	(27,378)	-	(79)	(172)	(27,629)	-	(27,629)
Net claims paid	63,826	213,868	2,090	365	280,149	-	280,149
Changes in outstanding claims, net	414	(488)	670	34	630	-	630
Changes in claims incurred but not reported, net	895	1,900	-	-	2,795	-	2,795
Change in loss adjustment expenses	47	38	-	-	85	-	85
Net claims incurred	65,182	215,318	2,760	399	283,659	-	283,659
Changes in premium deficiency reserve	(3,695)	(3,960)	-	-	(7,655)	-	(7,655)
Policy acquisition costs	7,338	44,657	579	1,049	53,623	-	53,623
Other underwriting expenses	(6)	401	-	-	395	-	395
TOTAL UNDERWRITING COSTS AND EXPENSES	68,819	256,416	3,339	1,448	330,022	-	330,022
NET UNDERWRITING INCOME	19,409	768	6,316	2,695	29,188	-	29,188
OTHER OPERATING (EXPENSES) / INCOME							
Allowance for doubtful debts					(1,418)	-	(1,418)
General and administrative expenses					(57,225)	(1,801)	(59,026)
Commission income on deposits					1,129	297	1,426
Investment income					-	1,264	1,264
Other income					124	-	124
TOTAL OTHER OPERATING EXPENSES, NET	-	-	-	-	(57,390)	(240)	(57,630)
Loss for the period							(28,442)
Zakat charge for the period							(5,077)
Net deficit							(33,519)
Loss transferred to shareholders							33,519
NET RESULT AFTER TRANSFER OF SURPLUS TO SHAREHOLDERS							-

ALLIED COOPERATIVE INSURANCE GROUP (ACIG)

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FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2022

12 SEGMENTAL INFORMATION (CONTINUED)

For the three-month periods ended 30 September 2022 (Unaudited)

	Medical	Motor	Properties and accident	Total
SAR'000				
<u>Gross premiums written</u>				
Individual	352	151,382	4,604	156,338
Micro enterprise	27,736	3,987	277	32,000
Small	12,798	348	1,141	14,287
Medium	8,546	114	3,748	12,408
Large	7,781	1	3,926	11,708
TOTAL GROSS PREMIUMS WRITTEN	57,213	155,832	13,696	226,741

For the three-months period ended 30 September 2021 (Unaudited)

	Medical	Motor	Properties and accident	Total
SAR'000				
<u>Gross premiums written</u>				
Individual	2,484	97,203	2,619	102,306
Micro enterprise	9,271	2,178	169	11,618
Small	16,842	138	1,959	18,939
Medium	14,439	323	8,819	23,581
Large	2,073	176	2,651	4,900
TOTAL GROSS PREMIUMS WRITTEN	45,109	100,018	16,217	161,344

For the nine-months period ended 30 September 2022 (Unaudited)

	Medical	Motor	Properties and accident	Total
SAR'000				
<u>Gross premiums written</u>				
Individual	1,295	346,565	13,750	361,610
Micro enterprise	80,959	6,500	672	88,131
Small	38,175	1,860	3,267	43,302
Medium	20,417	605	10,896	31,918
Large	37,469	153	11,081	48,703
TOTAL GROSS PREMIUMS WRITTEN	178,315	355,683	39,666	573,664

For the nine-months period ended 30 September 2021 (Unaudited)

	Medical	Motor	Properties and accident	Total
SAR'000				
<u>Gross premiums written</u>				
Individual	2,484	276,934	6,941	286,359
Micro enterprise	48,962	5,223	793	54,978
Small	46,739	1,216	3,677	51,632
Medium	18,530	411	15,528	34,469
Large	9,180	175	9,388	18,743
TOTAL GROSS PREMIUMS WRITTEN	125,895	283,959	36,327	446,181

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13 RELATED PARTY TRANSACTIONS AND BALANCES

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

Related parties	Nature of transaction	Transactions for the three months period ended		Balance receivable / (payable) as at		
		30 September 2022 (Unaudited)	30 September 2021 (Unaudited)	30 September 2022 (Unaudited)	31 December, 2021 (Audited)	
		SAR'000				0
Board of directors	Premium written	-	145	-	-	
Affiliates	Premium written	-	-	1,881	1,881	
	Claims paid/ payment received	-	305	(187)	(811)	
ACIG Bahrain (Shareholder)	Claims paid on behalf of ACIG Bahrain	-	-	1,985	1,985	
Board and audit committee	Attendance fees	59	2,835	-	-	

The compensation of the key management personnel during the three month period are as follows;

	SAR'000	
	30 September 2022 (Unaudited)	30 September 2022 (Unaudited)
Salaries and other allowances	1,005	1,304
Employees' terminal benefits	390	320
	1,395	1,624

14 ZAKAT AND INCOME TAX

	SAR'000	
	30 September 2022 (Unaudited)	31 December 2021 (Audited)
Balance at the beginning of the period / year	16,888	8,630
Provided/reversed during the period / year	(8,432)	10,576
Payments during the period / year	-	(2,318)
Balance at the end of the period / year	8,456	16,888

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

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

Income tax:

	SAR'000	
	30 September 2022 (Unaudited)	31 December 2021 (Audited)
Balance at the beginning of the period / year	25	25
Balance at the end of the period / year	25	25
Total zakat and income tax	8,481	16,913

Status of assessments

Zakat and income tax returns have been filed with the Zakat, Tax and Custom Authority (the "ZATCA ") for the years ended up to 31 December 2021. Final certificate has been received from the ZATCA for the year ended 31 December 2020. However, the ZATCA has raised an additional assessment in respect of the returns filed for the years ended 31 December 2008, 2009 and 2010 amounting to total SAR 1.86 million which has been paid. The major difference of additional assessment relates to disallowance of a portion of pre-incorporation expenses and withholding tax. The Company has filed an objection against this additional assessment with the Preliminary Tax Objection Committee subsequent to the year end, an adverse decision was received from the Preliminary Tax Objection Committee, upon which the Company filed appeal with the Higher Objection Committee. The Higher Objection Committee issued its decision in favour of the Company with respect to Zakat and rejected the appeal related to withholding tax. The Company has referred the matter to the Board of Grievance for the case of the withholding tax and raised a letter of guarantee in the amount of 1.83 million and also paid the amount of tax SAR 1.27 million.

The Company has raised an objection for an unfavourable assessment raised by the ZATCA for the years ended 31 December 2013 till 2015 with the amount of SAR 4.98 million. The objection is currently under study by the ZATCA. The Company received a claim from the ZATCA for an amount of SAR 5.18 million representing withholding tax. The Company raised an objection against the claim with the General Secretariat of Tax Committee (GSTC) which has been also rejected and now is under appeal with the Appeal Committee for Tax Violation and Disputes.

During 2020, the ZATCA issued an assessment for the years 2016 to 2018 claiming additional liability of SAR 7.83 million. The Company has raised an objection against such assessments which has been rejected by the ZATCA. The Company raised the objection to the GSTC and it is currently under study by the committee.

During 2021, the ZATCA issued an assessment for the years 2019 to 2020 claiming additional liability of SAR 3.73 million. As at 30 September, 2022, the Company is still in the process of deciding whether an objection against such assessments needs to be made or not.

Income tax:

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

15 SHARE CAPITAL

As at 30 September, 2022 , the authorized, subscribed and paid up share capital of the Company was SAR 291 million, divided into 29.1 million shares of SAR 10 each. (31 December 2021: SAR 141 million share capital dividend into 14.1 million shares of SAR 10 each).

On January 16, 2020, the Company's Board of Directors had recommended to reduce the Company's share capital from SR 200 million to SR 141 million – represented by 5.9 million share - by off-setting with accumulated losses. In an extra-ordinary general meeting held on Muharram 21, 1441H corresponding to August 26, 2020, the shareholders of the Company approved the above recommendation and required changes in the Company by-law relating to the reduction. Accordingly, the share capital and accumulated losses have been reduced to SAR 141 million.

The capital reduction is through the reduction of 1 share for every 3.3898 shares held by the shareholders. The purpose of capital reduction is to restructure the capital position of the Company in order to comply with the Companies Law. There is no impact of reduction in capital on the Company's financial obligations.

On Jamad Al-Awwal 21, 1441H corresponding to January 16, 2020, the Board of Directors had recommended an increased in the Company's capital through right issue with a total value of SR 150 million. On Safar 14, 1442H corresponding to October 1, 2020, the Company obtained approval from SAMA. On Safar 27, 1443H , corresponding to 20 September, 2021 the Capital Market authority (CMA) approved the said capital increase. The extra ordinary general meeting of shareholders was held on 29 December, 2021 (corresponding to Jumada Al-Awwal, 26, 1443H), to approve the aforementioned capital increase and procedures for the issuance of right shares.

Following the Shareholders' approval, on 01 January, 2022, the Company announced trading of 15 million right shares starting from 03 January 2022 (corresponding to Jumada Al-Awwal, 30, 1443H) to 10 January 2022 (corresponding to Jumada ath- Thaniyah 07, 1443) The closing date for the subscription of new shares was set at 13 January, 2022 (corresponding to Jumada ath- Thaniyah 09, 1443)

Out of 15 Million right shares, 13.3 million shares consisting approximately 89 % of total right shares offer, were subscribed by the existing shareholders. Unsubscribed fraction of shares constituting 1.7 million were sold in market .The Company has fulfilled all the regulatory requirements pertaining to the capital increase during the nine month periods ended 30 September 2022.

16 EARNING/(LOSS) PER SHARE

B) The basic and diluted loss per share is calculated as follows:

	SAR'000	
	30 September 2022 (Unaudited)	30 September 2021 (Unaudited)
Net loss for the year	(26,487)	(33,519)
Weighted average number of ordinary shares outstanding	33,284	19,458
Basic (loss) per share (SAR)	(0.80)	(1.72)

17 VALUE ADDED TAX (VAT)

On September 28, 2020, the Company received from ZATCA VAT assessments for the years ended December 31, 2018 and 2019 claiming additional liability of SAR 1.78 million and SAR 1.98 million for VAT respectively and SAR 2.85 million and SAR 1.78 million for related penalties respectively. Management has filled an objection against the said assessments and is confident of receiving a favourable outcome. However, as required by the ZATCA regulation, the Company has paid the amount of the tax and was relieved from the penalties in accordance with ZATCA initiative to support the private sector.

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18 SUPPLEMENTARY INFORMATION
STATEMENT OF FINANCIAL POSITION

	SAR '000					
	30 September 2022 (Unaudited)			31 December 2021 (Audited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
ASSETS						
Cash and cash equivalents	341,204	67,840	409,044	52,973	-	52,973
Term deposits	-	-	-	182,367	-	182,367
Premiums and reinsurers' receivable, net	121,489	-	121,489	98,415	-	98,415
Reinsurers' share of unearned premiums	50,279	-	50,279	34,703	-	34,703
Reinsurers' share of outstanding claims	18,437	-	18,437	12,955	-	12,955
Reinsurers' share of claims incurred but not reported	10,290	-	10,290	8,498	-	8,498
Deferred policy acquisition costs	48,689	-	48,689	44,053	-	44,053
Due from a related party	1,985	-	1,985	1,985	-	1,985
Due from shareholder's operation	-	-	-	31,249	-	31,249
Property and equipment, net	5,020	-	5,020	5,411	-	5,411
Intangible assets, net	5,991	-	5,991	5,585	-	5,585
Right-of-use asset, net	3,983	-	3,983	3,229	-	3,229
Available-for-sale investments	-	49,820	49,820	-	50,721	50,721
Prepayments and other receivables	74,454	4,652	79,106	57,950	2,539	60,489
Statutory deposit	-	43,650	43,650	-	30,000	30,000
Accrued commission on statutory deposit	-	2,137	2,137	-	1,871	1,871
TOTAL ASSETS	681,821	168,099	849,920	539,373	85,131	624,504
LIABILITIES						
Policyholders claim payable	20,338	-	20,338	20,789	-	20,789
Accrued and other payables	46,290	1,296	47,586	17,430	1,525	18,955
Reinsurances' balances payable	34,747	-	34,747	24,749	-	24,749
Unearned commission income	1,308	-	1,308	1,261	-	1,261
Unearned premiums	396,314	-	396,314	301,744	-	301,744
Premium deficiency reserve	14,983	-	14,983	35,727	-	35,727
Other technical reserve	2,491	-	2,491	1,798	-	1,798
Outstanding claims	29,384	-	29,384	34,605	-	34,605
Claims incurred but not reported	116,514	-	116,514	80,865	-	80,865
Employees' terminal benefits	12,430	-	12,430	12,968	-	12,968
Lease liabilities	2,572	-	2,572	2,983	-	2,983
Due to insurance operations	-	-	-	-	31,249	31,249
Surplus distribution payable	5,987	-	5,987	5,991	-	5,991
Zakat and income tax	-	8,481	8,481	-	16,913	16,913
Accrued commission on statutory deposit payable to SAMA	-	2,137	2,137	-	1,871	1,871
	683,358	11,914	695,272	540,910	51,558	592,468
EQUITY						
Share capital	-	291,000	291,000	-	141,000	141,000
Accumulated losses	-	(142,502)	(142,502)	-	(116,015)	(116,015)
Fair value reserve on investment	-	7,687	7,687	-	8,588	8,588
TOTAL SHAREHOLDER'S EQUITY	-	156,185	156,185	-	33,573	33,573
Re-measurement reserve of employees' terminal benefits	(1,537)	-	(1,537)	(1,537)	-	(1,537)
TOTAL EQUITY	(1,537)	156,185	154,648	(1,537)	33,573	32,036
TOTAL LIABILITIES AND EQUITY	681,821	168,099	849,920	539,373	85,131	624,504

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS-(CONTINUED)

FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2022

18 SUPPLEMENTARY INFORMATION (CONTINUED)

STATEMENT OF INCOME

	SAR '000					
	For the nine months periods ended 30 September 2022					
	30 September, 2022			30 September, 2021		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
REVENUES						
Gross written Premium	573,664	-	573,664	446,181	-	446,181
Reinsurance premiums ceded						
-Local	(1,026)	-	(1,026)	(1,381)	-	(1,381)
-Foreign	(80,793)	-	(80,793)	(55,160)	-	(55,160)
	(81,819)	-	(81,819)	(56,541)	-	(56,541)
Excess of loss expenses						
-Local	(889)	-	(889)	(1,288)	-	(1,288)
-Foreign	(1,334)	-	(1,334)	(1,760)	-	(1,760)
	(2,223)	-	(2,223)	(3,048)	-	(3,048)
Net written premiums	489,622	-	489,622	386,592	-	386,592
Changes in unearned premiums, net	(78,992)	-	(78,992)	(31,012)	-	(31,012)
Net premiums earned	410,630	-	410,630	355,580	-	355,580
Re-insurance commissions earned	3,105	-	3,105	3,346	-	3,346
Other underwriting income	9,484	-	9,484	284	-	284
TOTAL REVENUES	423,219	-	423,219	359,210	-	359,210
UNDERWRITING COSTS AND EXPENSES						
Gross claims paid	362,742	-	362,742	307,778	-	307,778
Reinsurers' share of claims paid	(36,021)	-	(36,021)	(27,629)	-	(27,629)
Net claims paid	326,721	-	326,721	280,149	-	280,149
Changes in outstanding claims, net	(11,000)	-	(11,000)	630	-	630
Changes in claims incurred but not reported, net	33,743	-	33,743	2,795	-	2,795
Net claims incurred	349,464	-	349,464	283,574	-	283,574
Change in other technical reserves	693	-	693	85	-	85
Change in premium deficiency reserve	(20,743)	-	(20,743)	(7,655)	-	(7,655)
Policy acquisition costs	60,422	-	60,422	53,623	-	53,623
Other underwriting expenses	5,607	-	5,607	395	-	395
TOTAL UNDERWRITING COSTS AND EXPENSES	395,443	-	395,443	330,022	-	330,022
NET UNDERWRITING (LOSS) / INCOME	27,776	-	27,776	29,188	-	29,188
OTHER OPERATING (EXPENSES) / INCOME						
Allowance for doubtful debts	(3,026)	-	(3,026)	(1,418)	-	(1,418)
General and administrative expenses	(63,910)	(723)	(64,633)	(57,225)	(1,801)	(59,026)
Commission income on deposits	2,211	1,095	3,306	1,129	297	1,426
Investment income	-	1,401	1,401	-	1,264	1,264
Other income	-	257	257	124	-	124
TOTAL OTHER OPERATING EXPENSES	(64,725)	2,030	(62,695)	(57,390)	(240)	(57,630)
TOTAL LOSS FOR THE PERIOD BEFORE ZAKAT AND INCOME TAX AND SURPLUS DISTRIBUTION	(36,949)	2,030	(34,919)	(28,202)	(240)	(28,442)
Zakat reversal for the period		8,432	8,432	-	(5,077)	(5,077)
Income for the period	(36,949)	10,462	(26,487)	(28,202)	(5,317)	(33,519)

**ALLIED COOPERATIVE INSURANCE GROUP (ACIG)
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS-(CONTINUED)

FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER

18 SUPPLEMENTARY INFORMATION (CONTINUED)

STATEMENT OF INCOME

	SAR '000					
	For the nine months periods ended 30 September 2022					
	30 September, 2022			30 September, 2021		
Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total	
(Deficit)/ Surplus transferred to Shareholders	36,949	(36,949)	-	28,202	(28,202)	-
Net result after transfer of surplus to shareholders					(33,519)	
Loss for the period	-	(26,487)	(26,487)	-	(33,519)	(33,519)
Net result after transfer of surplus to shareholders	-	(26,487)	(26,487)	-	(33,519)	(33,519)
Weighted average number of shares	33,284	33,284	33,284	19,458	19,458	19,458
LOSS PER SHARE (EXPRESSED IN SAR PER SHARE)	-	(0.80)	(0.80)	-	(1.72)	(1.72)

OTHER COMPREHENSIVE INCOME / (LOSS)

ITEMS THAT ARE OR MAY BE RECLASSIFIED TO STATEMENTS OF INCOME IN SUBSEQUENT PERIOD

Available-for-sale investments:

-Net change in fair value	2,003	2,003	-	526	526
TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE PERIOD	(24,484)	(24,484)	-	(32,993)	(32,993)

**ALLIED COOPERATIVE INSURANCE GROUP (ACIG)
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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS-(CONTINUED)
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2022**

18 SUPPLEMENTARY INFORMATION (CONTINUED)

STATEMENT OF INCOME

	SAR '000					
	For the three months period ended 30 September 2022					
	30 September, 2022			30 September, 2021		
Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total	
<u>REVENUES</u>						
Gross written Premium	226,741	-	226,741	161,344	-	161,344
Reinsurance premiums ceded						
-Local	(389)	-	(389)	(489)	-	(489)
-Foreign	(26,868)	-	(26,868)	(23,035)	-	(23,035)
	(27,257)	-	(27,257)	(23,524)	-	(23,524)
Excess of loss expenses						
-Local	(473)	-	(473)	(586)	-	(586)
-Foreign	(818)	-	(818)	(705)	-	(705)
	(1,291)	-	(1,291)	(1,291)	-	(1,291)
Net written premiums	198,193	-	198,193	136,529	-	136,529
Changes in unearned premiums, net	(54,994)	-	(54,994)	(12,304)	-	(12,304)
Net premiums earned	143,199	-	143,199	124,225	-	124,225
Re-insurance commissions earned	923	-	923	666	-	666
Other underwriting income	7,695	-	7,695	10	-	10
TOTAL REVENUES	151,817	-	151,817	124,901	-	124,901
<u>UNDERWRITING COSTS AND EXPENSES</u>						
Gross claims paid	124,413	-	124,413	112,371	-	112,371
Reinsurers' share of claims paid	(13,663)	-	(13,663)	(9,835)	-	(9,835)
Net claims paid	110,750	-	110,750	102,536	-	102,536
Changes in outstanding claims, net	(19,349)	-	(19,349)	(2,531)	-	(2,531)
Changes in claims incurred but not reported, net	22,284	-	22,284	1,762	-	1,762
Net claims incurred	113,685	-	113,685	101,767	-	101,767
Change in other technical reserves	308	-	308	9	-	9
Change in premium deficiency reserve	(15,899)	-	(15,899)	(135)	-	(135)
Policy acquisition costs	24,207	-	24,207	30,385	-	30,385
Other underwriting expenses	4,905	-	4,905	106	-	106
TOTAL UNDERWRITING COSTS AND EXPENSES	127,206	-	127,206	132,132	-	132,132
NET UNDERWRITING (LOSS) / INCOME	24,611	-	24,611	(7,231)	-	(7,231)
<u>OTHER OPERATING (EXPENSES) / INCOME</u>						
Allowance for doubtful debts	(657)	-	(657)	(382)	-	(382)
General and administrative expenses	(23,735)	(1,051)	(24,786)	(19,480)	(625)	(20,105)
Commission income on deposits	688	783	1,471	398	104	502
Investment income	-	392	392	-	496	496
Other income	-	-	-	91	-	91
TOTAL OTHER OPERATING EXPENSES	(23,704)	124	(23,580)	(19,373)	(25)	(19,398)
<u>TOTAL LOSS FOR THE PERIOD BEFORE ZAKAT AND INCOME TAX AND SURPLUS DISTRIBUTION</u>						
	907	124	1,031	(26,604)	(25)	(26,629)
Zakat (charged) /reversal for the period	-	(1,000)	(1,000)	-	(2,000)	(2,000)
Income for the period	907	(876)	31	(26,604)	(2,025)	(28,629)

**ALLIED COOPERATIVE INSURANCE GROUP (ACIG)
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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS-(CONTINUED)
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2022**

18 SUPPLEMENTARY INFORMATION (CONTINUED)

STATEMENT OF INCOME

	SAR '000					
	For the three months period ended 30 September 2022					
	30 September, 2022			30 September, 2021		
Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total	
(Deficit)/ Surplus transferred to Shareholders	(907)	907	-	-	(26,604)	(26,604)
Net result after transfer of surplus to shareholders					(28,629)	(28,629)
Loss for the period	-	31	31	-	(28,629)	(28,629)
Net result after transfer of surplus to shareholders	-	31	31	-	(28,629)	(28,629)
Weighted average number of shares	29,100	29,100	29,100	19,458	19,458	19,458
LOSS PER SHARE (EXPRESSED IN SAR PER SHARE)	-	-	-	-	(1.47)	(1.47)

OTHER COMPREHENSIVE INCOME / (LOSS)

ITEMS THAT ARE OR MAY BE RECLASSIFIED TO STATEMENTS OF INCOME IN SUBSEQUENT PERIOD

Available-for-sale investments:

-Net change in fair value	-	4,907	4,907	-	(1,513)	(1,513)
TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE PERIOD	-	4,938	4,938	-	(30,142)	(30,142)

**ALLIED COOPERATIVE INSURANCE GROUP (ACIG)
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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS-(CONTINUED)
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2022**

18 SUPPLEMENTARY INFORMATION (CONTINUED)

INTERIM STATEMENT OF CASH FLOWS

	SAR '000					
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	For the nine month period ended 30 September 2022			For the nine month period ended 30 September 2021		
	Unaudited			Unaudited		
CASH FLOWS FROM OPERATING ACTIVITIES						
Net loss for the period before zakat and income tax	-	(34,919)	(34,919)	-	(28,442)	(28,442)
Adjustments for non-cash items:						
Depreciation of property and equipment	1,105	-	1,105	1,312	-	1,312
Amortization of Right of use assets	1,993	-	1,993	1,509	-	1,509
Finance cost of lease liability	98	-	98	114	-	114
Amortization of intangible assets	965	-	965	726	-	726
Employees' terminal benefits	1,949	-	1,949	840	-	840
Allowance for /(Release of) doubtful debts	3,026	-	3,026	1,418	-	1,418
	9,136	(34,919)	(25,783)	5,919	(28,442)	(22,523)
Changes in operating assets and liabilities:						
Premiums and reinsurers' receivable	(26,100)	-	(26,100)	(32,176)	-	(32,176)
Reinsurers' share of unearned premiums	(15,576)	-	(15,576)	(6,995)	-	(6,995)
Reinsurers' share of outstanding claims	(5,482)	-	(5,482)	(1,519)	-	(1,519)
Reinsurers' share of claims Incurred but not reported	(1,792)	-	(1,792)	(1,077)	-	(1,077)
Deferred policy acquisition costs	(4,636)	-	(4,636)	(7,010)	-	(7,010)
Prepayments and other receivables	(16,504)	(2,113)	(18,617)	(8,188)	(603)	(8,791)
Policyholders claim payables	(451)	-	(451)	12,814	-	12,814
Accrued and other payables	28,860	(229)	28,631	(7,409)	164	(7,245)
Reinsurers' balances payable	9,998	-	9,998	7,410	-	7,410
Unearned commission income	47	-	47	86	-	86
Unearned premiums	94,570	-	94,570	38,006	-	38,006
Premium deficiency reserve	(20,744)	-	(20,744)	(7,656)	-	(7,656)
Other technical reserves	693	-	693	84	-	84
Outstanding claims	(5,221)	-	(5,221)	2,845	-	2,845
Claims incurred but not reported	35,649	-	35,649	3,177	-	3,177
Surplus distribution payable	(4)	-	(4)	-	-	-
Due to insurance operations	-	(31,249)	(31,249)	-	-	-
Due from shareholder operations	31,249	-	31,249	-	-	-
	113,692	(68,510)	45,182	(1,689)	(28,881)	(30,570)
Employees' terminal benefits paid	(2,487)	-	(2,487)	(623)	-	(623)
Zakat and income tax paid	-	-	-	-	(2,319)	(2,319)
Net cash from generated from / (used in) operating activities	111,205	(68,510)	42,695	(2,312)	(31,200)	(33,512)
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchase of property and equipment	(714)	-	(714)	(1,215)	-	(1,215)
Purchase of Intangible assets	(1,371)	-	(1,371)	(923)	-	(923)
Payment of lease liability	(3,256)	-	(3,256)	(2,129)	-	(2,129)
Maturity / (placement) of term deposits	182,367	-	182,367	119,331	-	119,331
Increase in statutory deposit	-	(13,650)	(13,650)	-	-	-
Net cash (used in) / generated from investing activities	177,026	(13,650)	163,376	115,064	-	115,064
CASH FLOWS FROM FINANCING ACTIVITIES						
Issuance of share capital	-	150,000	150,000	-	-	-
Net cash generated from financing activities	-	150,000	150,000	-	-	-
Net change in cash and cash equivalents	288,231	67,840	356,071	112,752	(31,200)	81,552
Cash and cash equivalents, beginning of the period	52,973	-	52,973	69,686	75,251	144,937
Cash and cash equivalents, end of the period	341,204	67,840	409,044	182,438	44,051	226,489

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS-(CONTINUED)

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19 COMPARATIVE FIGURES

Certain prior period figures have been reclassified to conform to current period presentation (if applicable).

20 IMPACT OF COVID-19

On 11 March 2020, the World Health Organisation (“WHO”) declared the Coronavirus (“COVID-19”) outbreak as a pandemic in recognition of its rapid spread across the globe. This outbreak has also affected the GCC region including the Kingdom of Saudi Arabia. Governments all over the world took steps to contain the spread of the virus. Saudi Arabia in particular has implemented closure of borders, released social distancing guidelines and enforced country wide lockdowns and curfews.

In response to the spread of the Covid-19 virus in the GCC and other territories (to be tailored based on company’s operations) where the Company operates and its consequential disruption to the social and economic activities in those markets, the Company’s management has proactively assessed its impacts on its operations and has taken a series of proactive and preventative measures and processes to ensure:

- the health and safety of its employees and the wider community where it is operating
- the continuity of its business throughout the Kingdom is protected and kept intact.

The major impact of Covid-19 pandemic was seen in medical and motor line of business. As with any estimate, the projections and likelihoods of occurrence are underpinned by significant judgment and rapidly evolving situation and uncertainties surrounding the duration and severity of the pandemic, and therefore, the actual outcomes may be different to those projected.

The management of the Company believes that any potential lockdown measures being reintroduced will not materially affect the underlying demand for the Company’s insurance products and forecast. Further, the Company continues to monitor the surge of the new variant closely although at this time management is not aware of any factors that are expected to change the impact of the pandemic on the Company’s operations during 2022 or beyond.

However, the Company’s management believes that the Covid-19 pandemic has had no material effects on Company’s reported results for the nine months period ended 30 September 2022.

21 APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements have been approved by the Board of Directors on 02 November, 2022 (Corresponding to 8 Rabi’ al Thani, 1444 AH).