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

UNAUDITED INTERIM CONDENSED FINANCIAL INFORMATION  
AND INDEPENDENT AUDITORS' REVIEW REPORT

FOR THE THREE-MONTHS AND NINE-MONTHS PERIOD ENDED 30 SEPTEMBER 2019

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

**UNAUDITED INTERIM CONDENSED FINANCIAL INFORMATION AND INDEPENDENT AUDITORS' REVIEW  
REPORT**  
**FOR THE THREE-MONTHS AND NINE-MONTHS PERIOD ENDED 30 SEPTEMBER 2019**

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<b>INDEX</b>	<b>PAGE</b>
Independent Auditors' Review Report	1
Interim condensed Statement of Financial Position	2
Interim condensed Statement of Income	3
Interim condensed Statement of Comprehensive Income	4
Interim condensed Statement of Changes in Equity	5
Interim condensed Statement of Cash flows	6
Notes to the Interim Condensed Financial Information	10 – 40



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

**INTRODUCTION**

We have reviewed the accompanying interim condensed statement of financial position of Allied Cooperative Insurance Group (A Saudi Joint Stock Company) (the "Company") as of 30 September 2019 and the related Interim condensed statements of income and comprehensive income for the three-months and nine-months period then ended and related Interim statement of changes in equity and cash flows for the nine-months period then ended, and a summary of significant accounting policies and other selected explanatory notes from 1 to 19. Management is responsible for the preparation and presentation of this interim condensed financial information in accordance with International Accounting Standard 34 - "Interim Financial Reporting" (IAS 34) as endorsed in 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 condensed financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing 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 Kingdom of Saudi Arabia.

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10 November 2019  
13 Rabi Al-Awal 1441H  
Jeddah, Kingdom of Saudi Arabia



**ALLIED COOPERATIVE INSURANCE GROUP (ACIG)**  
**(A SAUDI JOINT STOCK COMPANY)**  
**INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION**  
**At 30 SEPTEMBER 2019**

	Notes	30 September 2019 (Unaudited) SR'000	31 December 2018 (Audited) SR'000
<b>ASSETS</b>			
Cash and cash equivalents	3	69,847	93,495
Term deposits	4	218,175	187,239
Premiums and reinsurers' receivable – net	5	101,659	93,978
Reinsurers' share of unearned premiums	8	28,600	22,738
Reinsurers' share of outstanding claims	9	10,450	10,543
Reinsurers' share of claims incurred but not reported	9	6,923	6,004
Deferred policy acquisition cost		14,866	12,050
Due from a related party		1,760	2,391
Property and equipment, net		3,980	5,445
Intangible assets		5,105	4,564
Right of use asset – net		7,923	-
Available-for-sale investments	6	38,580	57,734
Prepayments and other receivables		47,769	34,649
Statutory deposit	7	20,000	20,000
Accrued commission on statutory deposit		1,586	1,386
<b>TOTAL ASSETS</b>		<b>577,223</b>	<b>552,216</b>
<b>LIABILITIES</b>			
Policyholders claim payable		3,910	8,741
Accrued and other payables		17,732	17,302
Reinsurances' balances payable		20,265	11,505
Unearned commission income		1,473	1,266
Unearned premiums	8	259,244	252,007
Other technical reserve	9	4,161	3,816
Outstanding claims	9	37,855	42,419
Claims incurred but not reported	9	58,385	55,769
Employees' terminal benefits		11,193	9,789
Lease liabilities		7,359	-
Surplus distribution payable		5,789	5,457
Accrued zakat and income tax	10	6,557	5,111
Accrued commission on statutory deposit payable to SAMA		1,586	1,386
<b>TOTAL LIABILITIES</b>		<b>435,509</b>	<b>414,568</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	11	200,000	200,000
Accumulated losses		(59,592)	(61,233)
Fair value reserve on available for sale investments		1,666	(759)
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>142,074</b>	<b>138,008</b>
Remeasurement reserve of defined benefit obligation		(360)	(360)
<b>TOTAL EQUITY</b>		<b>141,714</b>	<b>137,648</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>577,223</b>	<b>552,216</b>
<b>Contingencies and commitments</b>			
	17	1,830	1,830

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

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

**INTERIM CONDENSED STATEMENT OF INCOME**

**FOR THE THREE-MONTHS AND NINE-MONTHS PERIODS ENDED 30 SEPTEMBER 2019**

	<b>Three-months period ended</b>		<b>Nine-months period ended</b>	
	<b>30 September</b>	<b>30 September</b>	<b>30 September</b>	<b>30 September</b>
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>SR '000</b>	<b>SR '000</b>	<b>SR '000</b>	<b>SR '000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>
		<b>(Restated)</b>		<b>(Restated)</b>
<b>REVENUE</b>				
Gross premiums written	129,377	164,543	404,322	394,624
Less: Premiums ceded				
- Local	(1,169)	(1,110)	(3,656)	(3,292)
- Foreign	(16,685)	(11,085)	(40,865)	(28,100)
	(17,854)	(12,195)	(44,521)	(31,392)
Less: Excess of loss premium				
- Local	(348)	(616)	(1,349)	(2,228)
- Foreign	(375)	(622)	(1,516)	(2,366)
	(723)	(1,238)	(2,865)	(4,594)
<b>Net written premiums</b>	<b>110,800</b>	<b>151,110</b>	<b>356,936</b>	<b>358,638</b>
Changes in net unearned premiums	2,486	(33,742)	(1,375)	(45,049)
<b>Net premiums earned</b>	<b>113,286</b>	<b>117,368</b>	<b>355,561</b>	<b>313,589</b>
Other underwriting income	977	3,590	2,075	11,088
Reinsurance commission earned	1,058	686	2,930	1,944
<b>Net revenues</b>	<b>115,321</b>	<b>121,644</b>	<b>360,566</b>	<b>326,621</b>
<b>UNDERWRITING COST AND EXPENSES</b>				
Gross claims paid	102,177	86,663	307,097	237,977
Less: Reinsurers' share	(10,037)	(7,842)	(27,434)	(27,631)
<b>Net claims paid</b>	<b>92,140</b>	<b>78,821</b>	<b>279,663</b>	<b>210,346</b>
Changes in outstanding claims, net	(4,073)	5,191	(4,469)	9,556
Changes in incurred but not reported, net	1,450	3,004	1,697	6,570
Change in unallocated loss adjustment expense, net	(58)	-	(45)	-
<b>Net claims incurred</b>	<b>89,459</b>	<b>87,016</b>	<b>276,846</b>	<b>226,472</b>
Change in premium deficiency reserves	612	-	389	-
Policy acquisition cost	6,172	6,564	18,270	20,682
Other underwriting expense	908	1,041	4,608	2,032
<b>Total underwriting cost and expenses</b>	<b>97,151</b>	<b>94,621</b>	<b>300,113</b>	<b>249,186</b>
<b>Net result of insurance operations</b>	<b>18,170</b>	<b>27,023</b>	<b>60,453</b>	<b>77,435</b>
<b>OTHER OPERATING (EXPENSE)/ INCOME</b>				
Allowance for doubtful debts	(844)	(5,678)	(599)	(6,914)
General and administrative expenses	(20,137)	(24,258)	(61,905)	(67,691)
Commission income on deposits	1,704	1,343	4,846	3,508
Realized gain on available for sale investments	421	354	2,630	1,430
Impairment on available for sale investments	-	-	-	(2,797)
Other income	20	1	22	7
<b>TOTAL OTHER OPERATING (EXPENSES) / INCOME</b>	<b>(18,836)</b>	<b>(28,238)</b>	<b>(55,006)</b>	<b>(72,457)</b>
<b>Total Income for the period</b>	<b>(666)</b>	<b>(1,215)</b>	<b>5,447</b>	<b>4,978</b>
Zakat charge for the period	(1,292)	(1,115)	(3,475)	(4,661)
<b>INCOME / (LOSS) FOR THE PERIOD</b>	<b>(1,958)</b>	<b>(2,330)</b>	<b>1,972</b>	<b>317</b>
Total income attributed to the insurance operations	114	112	(331)	(740)
<b>TOTAL INCOME FOR THE PERIOD ATTRIBUTABLE TO SHAREHOLDERS'</b>	<b>(1,844)</b>	<b>(2,218)</b>	<b>1,641</b>	<b>(423)</b>
<b>Earnings per share (Expressed in SAR share)</b>				
Basic and diluted earnings / (loss) per share for the period (SR)	(0.09)	(0.11)	0.08	(0.02)

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

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

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE THREE-MONTHS AND NINE-MONTHS PERIODS ENDED 30 SEPTEMBER 2019

	Three-months period ended		Nine-months period ended	
	30 September 2019 SR'000 (Unaudited)	30 September 2018 SR'000 (Unaudited) (Restated)	30 September 2019 SR'000 (Unaudited)	30 September 2018 SR'000 (Unaudited) (Restated)
Total (loss) / income for the period	(1,958)	(2,330)	1,972	317
Other comprehensive income Items that are or may be reclassified to interim condensed statements of income in subsequent periods				
- Impairment on available-for-sale Investments	-	-	-	2,797
- Net change in fair value	924	(474)	2,425	(441)
TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE PERIOD	(1,034)	(2,804)	4,397	2,673
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO THE INSURANCE OPERATIONS	114	112	(331)	(740)
TOTAL COMPREHENSIVE (LOSS) / INCOME ATTRIBUTABLE TO SHAREHOLDERS	(920)	(2,692)	4,066	1,933

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

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

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY  
FOR THE NINE-MONTHS PERIOD ENDED 30 SEPTEMBER 2019

Nine-months period ended 30 September 2019 – unaudited	Share capital SR '000	Accumulated losses SR '000	Fair value reserve on available-for-sale investments SR '000	Re-measurement reserve of defined benefit obligation SR '000	Total SR '000
Balance as at 31 December 2018 (audited)	200,000	(61,233)	(759)	(360)	137,648
Change in fair value reserve on available-for-sale investments	-	-	2,425	-	2,425
Net income for the period attributable to shareholders	-	1,641	-	-	1,641
Balance as at 30 September 2019 (unaudited)	200,000	(59,592)	1,666	(360)	141,714

  

Nine-months period ended 30 September 2018 – unaudited	Share capital	Accumulated losses	Available-for-sale investments reserve	Re-measurement reserve of defined benefit obligation	Total
Balance as at 31 December 2017 (audited)	200,000	(57,827)	(4,239)	-	137,934
Net income for the period attributable to shareholders	-	(423)	-	-	(423)
Impairment on available-for-sale investments	-	-	2,797	-	2,797
Change in fair value reserve on available-for-sale investments	-	-	(441)	-	(441)
Balance as at 30 September 2018 (unaudited)	200,000	(58,250)	(1,883)	-	139,867

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

**ALLIED COOPERATIVE INSURANCE GROUP (ACIG)**  
**(A SAUDI JOINT STOCK COMPANY)**  
**INTERIM CONDENSED STATEMENT OF CASH FLOWS**  
**FOR THE NINE-MONTHS PERIOD ENDED 30 SEPTEMBER 2019**

	<i>Nine-month period ended</i>	
	<i>30 September</i>	<i>30 September</i>
	<i>2019</i>	<i>2018</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>SR'000</i>	<i>SR'000</i>
<b>Cash flows from operating activities:</b>		
Net income for the period before zakat and income tax	5,447	4,978
Adjustments for non-cash items:		
Depreciation of property and equipment	3,038	1,875
Amortization of intangible assets	676	-
Employees' terminal benefits	1,743	1,711
Allowance for doubtful debts	844	6,914
Impairment on available-for-sale investments	-	2,797
Realized gain on available-for-sale investments	(2,630)	(1,430)
<b>Changes in operating assets and liabilities:</b>		
Premiums and reinsurers' receivable	(8,525)	(45,553)
Reinsurers' share of unearned premiums	(5,862)	5,929
Reinsurers' share of outstanding claims	93	5,075
Reinsurers' share of claims incurred but not reported	(919)	(700)
Deferred policy acquisition cost	(2,816)	3,779
Prepayments and other receivables	(13,120)	3,443
Right of use assets - net	(9,305)	-
Lease liabilities	7,359	-
Policyholders claims payable	(4,831)	(866)
Due to related party	631	442
Reinsurance payables	8,760	(976)
Unearned commission income	207	(292)
Unearned premiums	7,237	39,121
Outstanding claims	(4,564)	6,872
Claims incurred but not reported and other technical reserves	2,961	7,272
Accrued and other payables	430	13,271
	(13,146)	53,662
End of service indemnities paid	(339)	(564)
Zakat and income tax paid	(2,029)	(2,781)
Net cash (used in) / from operating activities	(15,514)	50,317
<b>INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(189)	(3,571)
Proceed from sale of property and equipment	-	2
Purchase of intangible assets	(1,219)	-
Placement of term deposits	(30,936)	-
Purchase of available-for-sale investments	-	(17,301)
Proceed from sale of available-for-sale investments	24,210	1,705
Purchase of investments	-	(2,238)
Net cash used in investing activities	(8,134)	(21,403)
<b>Net change in cash and cash equivalents</b>	(23,648)	28,914
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>93,495</b>	<b>77,598</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>69,847</b>	<b>106,512</b>
<b>NON - CASH INFORMATION:</b>		
Change in fair value of available-for-sale investments	924	(441)

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



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

**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION**

**FOR THE THREE-MONTHS AND NINE-MONTHS PERIOD ENDED 30 SEPTEMBER 2019–UNAUDITED**

**1. ORGANIZATION AND PRINCIPAL ACTIVITIES**

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

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

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

There are 3 registered branches as set out below:

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

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

**2. BASIS OF PREPARATION**

**Statement of Compliance**

The interim condensed financial information of the Company as at and for the period ended 30 September 2019 have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting ("IAS 34") as endorsed in the Kingdom of Saudi Arabia.

The financial statements of the Company as at and for the period and year ended 31 March 2019 and 31 December 2018, respectively, were prepared in compliance with the IAS 34 and the International Financial Reporting Standards ("IFRS") respectively, as modified by SAMA for the accounting of zakat and income tax (relating to the application of IAS 12 – "Income Taxes" and IFRIC 21 – "Levies" so far as these relate to zakat and income tax) and the Banking Control Law and the Regulations for Companies in the Kingdom of Saudi Arabia.

SAMA instructed the Insurance Companies in the Kingdom of Saudi Arabia to account for the zakat and income taxes in the statement of income. This aligns with the IFRS and its interpretations as issued by the International Accounting Standards Board ("IASB").

**ALLIED COOPERATIVE INSURANCE GROUP (ACIG)**  
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**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION**  
**FOR THE THREE-MONTHS AND NINE-MONTHS PERIOD ENDED 30 SEPTEMBER 2019--UNAUDITED**

**2. BASIS OF PREPARATION – (continued)**

**Statement of Compliance – (continued)**

Accordingly, the Company changed its accounting treatment for zakat and income tax by retrospectively adjusting the impact in line with International Accounting Standard 8 Accounting Policies, Changes in Accounting Estimates and Errors.

The accounting policies used in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2018, except for the change in the accounting for zakat and income tax as explained below:

***Change in the accounting for zakat and income tax:***

As mentioned above, the basis of preparation has been changed for the period ended 30 June 2019 onwards as a result of the issuance of latest instructions from SAMA. Previously, zakat and income tax were recognized in the statement of changes in equity as per the SAMA circular no 381000074519 dated 11 April 2017. With the latest instructions issued by SAMA, the zakat and income tax shall be recognized in the statement of income. The Company has accounted for this change in the accounting for zakat and income tax retrospectively. The change has resulted in reduction of reported income of the Company for the period ended 30 September 2018 by SR 4.6 million. The change has had no impact on the statement of cash flows for the period ended 30 September 2018.

As at and for the nine – months period ended September 30, 2018

Financial statement impact	Account	Before the restatement for the nine-month period ended September 30, 2018	Effect of restatement	As restated as at and for the nine-month period ended September 30, 2018
Statement of changes in equity	Accrued zakat and income tax	4,661	(4,661)	-
Statement of income	Zakat charge for the period	-	4,661	4,661
Statement of income	Earnings per share	0.21	(0.23)	(0.02)

As at and for the three – months period ended September 30, 2018

Financial Statement impact	Account	Before the restatement for the nine-month period ended September 30, 2018	Effect of restatement	As restated as at and for the nine-month period ended September 30, 2018
Statement of changes in equity	Accrued zakat and income tax	1,115	(1,115)	-
Statement of income	Zakat charge for the period	-	1,115	1,115
Statement of income	Earnings per share	(0.06)	(0.05)	(0.11)

The Company follows a fiscal year ending 31 December.

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

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS - (continued)**

**FOR THE THREE-MONTHS AND NINE-MONTHS PERIOD ENDED 30 September 2019-UNAUDITED**

**2. BASIS OF PREPARATION – (continued)**

**Basis of presentation**

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

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

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

The interim statement of financial position, statements of income and statement of comprehensive income and cash flows of the insurance operations and shareholders operations which are presented on Note No. 16 of the interim condensed financial information have been provided as supplementary financial information and to comply with the requirements of the guidelines issued by SAMA implementing regulations. SAMA implementing regulations requires the clear segregation of the assets, liabilities, income and expenses of the insurance operations and the shareholders operations. Accordingly, the interim statements of financial position, statements of income, comprehensive income and cash flows prepared for the insurance operations and shareholders operations as referred to above, reflect only the assets, liabilities, income, expenses and comprehensive gains or losses of the respective operations.

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

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

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

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

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

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS - (continued)**  
**FOR THE THREE-MONTHS AND NINE-MONTHS PERIOD ENDED 30 September 2019–UNAUDITED**  
**2. BASIS OF PREPARATION – (continued)**

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

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

<u>Standard/ Interpretation</u>	<u>Description</u>	<u>Effective date</u>
IFRS 16	Leases	1 January 2019

IFRS 16 'Leases' replaces IAS 17 'Leases' along with three Interpretations (IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC 15 'Operating Leases-Incentives' and SIC 27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'). The new Standard has been applied using the modified retrospective approach, with the cumulative effect of adopting IFRS 16 being recognised in equity as an adjustment to the opening balance of retained earnings for the current period. Prior periods have not been restated.

For contracts in place at the date of initial application, the Company has elected to apply the definition of a lease from IAS 17 and IFRIC 4 and has not applied IFRS 16 to arrangements that were previously not identified as lease under IAS 17 and IFRIC 4.

The Company has elected not to include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of initial application of IFRS 16, being 1 January 2019. At this date, the Company has also elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition.

Instead of performing an impairment review on the right-of-use assets at the date of initial application, the Company has relied on its historic assessment as to whether leases were onerous immediately before the date of initial application of IFRS 16.

On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low-value assets the Company has applied the optional exemptions to not recognize right-of-use assets but to account for the lease expense on a straight line basis over the remaining lease term.

For those leases previously classified as finance leases, the right-of-use asset and lease liability are measured at the date of initial application at the same amounts as under IAS 17 immediately before the date of initial application.

On transition to IFRS 16 the weighted average incremental borrowing rate applied to lease liabilities recognised under IFRS 16 was 4%.

The Company has benefited from the use of hindsight for determining lease term when considering options to extend and terminate leases.

The following is a reconciliation of total operating lease commitments at 31 December 2018 to the lease liabilities recognised at 1 January 2019:

	SR
Total operating lease commitments as at 31 December 2018	14,258,600
Discounted using the lessee's incremental borrowing rate at date of initial application	(2,543,765)
Less: short-term leases recognised on a straight-line basis as expenses	(1,729,600)
<b>Total lease liabilities recognised under IFRS 16 at 1 January 2019</b>	<b>9,985,235</b>

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS - (continued)  
FOR THE THREE-MONTHS AND NINE-MONTHS PERIOD ENDED 30 September 2019--UNAUDITED  
2. BASIS OF PREPARATION – (continued)

**Standards issued but not yet effective**

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

**IFRS 17- "Insurance Contracts"**, applicable for the period beginning on or after 1 January 2022, and will supersede IFRS 4 "Insurance Contracts". Earlier adoption is permitted if both IFRS 15 "Revenue from Contracts with Customers" and IFRS 9 "Financial Instruments" have also been applied. The Company has decided not to early adopt this new standard.

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

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

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

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS - (continued)**

**FOR THE THREE-MONTHS AND NINE-MONTHS PERIOD ENDED 30 September 2019–UNAUDITED**

**3. CASH AND CASH EQUIVALENTS**

	30 September 2019 (Unaudited) SR'000	31 December 2018 (Audited) SR'000
<i>Insurance operations</i>		
Cash in hand and at banks	64,238	83,409
	<u>64,238</u>	<u>83,409</u>
<i>Shareholders' operations</i>		
Cash in hand and at banks	5,609	10,086
	<u>5,609</u>	<u>10,086</u>

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

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

**4. TERM DEPOSITS**

	30 September 2019 (Unaudited) SR'000	31 December 2018 (Audited) SR'000
<i>Insurance Operations</i>		
Term deposits	138,421	138,256
	<u>138,421</u>	<u>138,256</u>
<i>Shareholders' Operations</i>		
Term deposits	79,754	48,983
	<u>79,754</u>	<u>48,983</u>

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

**5. PREMIUMS AND REINSURERS' RECEIVABLE, NET**

	30 September 2019 (Unaudited) SR'000	31 December 2018 (Audited) SR'000
Due from policyholders	90,467	75,050
Due from policyholders – related parties	2,801	3,752
Due from Brokers and agents	16,721	22,590
Receivables from reinsurers	5,574	5,891
Provision for doubtful debts	(13,904)	(13,305)
	<u>101,659</u>	<u>93,978</u>

Movement in provision for doubtful debts is as follows:

	30 September 2019 (Unaudited) SR'000	31 December 2018 (Audited) SR'000
Balance at the beginning of the period / year	13,305	5,806
(Release)/Provisions made during the period / year	599	7,499
Balance at the end of the period / year	<u>13,904</u>	<u>13,305</u>

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS - (continued)**

**FOR THE THREE-MONTHS AND NINE-MONTHS PERIOD ENDED 30 September 2019--UNAUDITED**

**6. AVAILABLE-FOR-SALE INVESTMENTS**

*Shareholders' operations*

	30 September 2019 (Unaudited) SR'000	31 December 2018 (Audited) SR'000
Investment in sukuk	25,000	25,000
Quoted securities	-	20,712
Unquoted securities	1,923	1,923
Units in quoted local real estate fund	11,657	10,099
	<b>38,580</b>	<b>57,734</b>

	Balance at the beginning of the period SR'000	Net movement during the period SR'000	Change in fair value for the period SR'000	Balance at the end of the period SR'000
<b>As at 30 September 2019 – (Unaudited)</b>				
Investment in Najm for Insurance Services Company	1,923	-	-	1,923
Investment in sukuk	25,000	-	-	25,000
Units in quoted local real estate fund	10,099	-	1,558	11,657
Quoted securities	20,712	(21,579)	867	-
	<b>57,734</b>	<b>(21,579)</b>	<b>2,425</b>	<b>38,580</b>
	Balance at the beginning of the year SR'000	Net movement during the year SR'000	Change in fair value for the year SR'000	Balance at the end of the year SR'000
<b>As at 31 December 2018 – (Audited)</b>				
Investment in Najm for Insurance Services Company	1,923	-	-	1,923
Units in quoted local real estate fund	-	9,992	107	10,099
Investment in sukuk	25,000	-	-	25,000
Quoted securities	16,800	6,728	(2,816)	20,712
	<b>43,723</b>	<b>16,720</b>	<b>(2,709)</b>	<b>57,734</b>

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

**7. STATUTORY DEPOSIT**

	30 September 2019 (Unaudited) SR'000	31 December 2018 (Audited) SR'000
<i>Shareholders' Operations</i>		
Statutory deposit	<b>20,000</b>	<b>20,000</b>

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



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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS - (continued)**  
**FOR THE THREE-MONTHS AND NINE-MONTHS PERIOD ENDED 30 September 2019–UNAUDITED**

**8. UNEARNED PREMIUMS, NET**

	30 September 2019 (Unaudited) SR'000	31 December 2018 (Audited) SR'000
Unearned premiums	259,244	252,007
Reinsurance share of unearned premiums	(28,600)	(22,738)
	<u>230,644</u>	<u>229,269</u>

**9. TECHNICAL RESERVES, NET**

	30 September 2019 (Unaudited) SR'000	31 December 2018 (Audited) SR'000
Outstanding claims	37,855	42,419
Claims incurred but not reported	58,385	55,769
Additional premium deficiency reserves	2,409	2,020
Other technical reserves	1,752	1,796
	<u>100,401</u>	<u>102,004</u>
Less: Reinsurers' share of outstanding claims	(10,450)	(10,543)
Less: Reinsurers' share of claims incurred but not reported	(6,923)	(6,004)
	<u>83,028</u>	<u>85,457</u>

**10. ZAKAT AND INCOME TAX**

**Zakat and Income Tax**

The Zakat and income tax payable by the Company has been calculated based on the best estimates of the management.

The movement in the Zakat payable is as follows:

	30 September 2019 (Unaudited) SR'000	31 December 2018 (Audited) SR'000
Balance at the beginning of the period / year	5,111	2,103
Charge for the current period / year	3,475	5,764
Paid during the period / year	(2,029)	(2,781)
Balance at the end of the period / year	6,557	5,086
Balance at the end of the period / year for income tax	-	25
Total Zakat and income tax payable	<u>6,557</u>	<u>5,111</u>

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

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

**Income Tax**

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



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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS - (continued)**  
**FOR THE THREE-MONTHS AND NINE-MONTHS PERIOD ENDED 30 September 2019–UNAUDITED**

**10. ZAKAT AND INCOME TAX – (continued)**

**Status of assessment:**

Zakat and income tax returns have been filed with the General Authority of Zakat and Tax ("GAZT") for the years ended up to 31 December 2018. Final certificate has been received from GAZT for the year ended 31 December 2008. However, GAZT has raised an additional assessment in respect of the returns filed for the years ended 31 December 2008, 2009 and 2010 amounting to SR 1.86 million which has been paid. The major difference of additional assessment relates to disallowance of a portion of pre incorporation expenses and withholding tax. The Company had filed an objection against this additional assessment with the preliminary tax objection Committee subsequent to the year end, as adverse decision was received from the preliminary Tax Objection Committee, upon which the Company filed appeal with the Higher Objection Committee. The high appeal 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. In this regard, the Company has issued a letter of guarantee amounting to SAR 1.83 million in favour of GAZT (see contingency and commitment notes) and they have paid the amount of tax SAR 1.3 million. The company has raised an objection for unfavourable assessment raised by GAZT for the years 31 December 2013 till 2015 with the amount of SAR 4.98 million. The objection is currently under review by GAZT.

**11. SHARE CAPITAL**

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

	<b>30 September 2019</b>		<b>31 December 2018</b>	
	<b>(Unaudited)</b>		<b>(Audited)</b>	
	<b>% holding</b>	<b>SR'000</b>	<b>% holding</b>	<b>SR'000</b>
Founding shareholders	40	80,000	40	80,000
General public	60	120,000	60	120,000
Balance at the end of the period / year	100	200,000	100	200,000

**12. BASIC AND DILUTED EARNINGS / (LOSS) PER SHARE**

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

**13. STATUTORY RESERVE**

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

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS - (continued)**

**FOR THE THREE-MONTHS AND NINE-MONTHS PERIOD ENDED 30 September 2019-UNAUDITED**

**14. BALANCES AND TRANSACTIONS WITH RELATED PARTIES**

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

Related party	Nature of transaction	Amount of transactions Nine-months period ended		Closing balance Receivable / (Payable)	
		30 September 2019 (Unaudited) SR'000	30 September 2018 (Unaudited) SR'000	30 September 2019 (Unaudited) SR'000	31 December 2018 (Audited) SR'000
Abiat (Affiliate)	Premiums written	2	2	77	75
	Claims paid	(2)	87	(6)	(13)
Fuji Saudi Arabia (Affiliate)	Premiums written	-	96	1	1,275
	Claims paid	(253)	530	(370)	(180)
GEEC (Affiliate)	Premiums written	69	72	570	575
	Claims paid	(117)	239	(130)	(50)
Mayar Holding (Affiliate)	Premiums written	18	18	177	200
	Claims paid	115	71	(22)	(11)
Saudi Drip (Affiliate)	Premiums written	(20)	(9)	170	-
	Claims paid	(112)	-	-	-
Taya Feed Mill Factory (Affiliate)	Premiums written	44	44	251	258
	Claims paid	(28)	45	(52)	(4)
Taya Real Estate (Affiliate)	Premiums written	97	106	-	99
	Claims paid	(74)	89	(88)	(3)
Taya Holding (Affiliate)	Premiums written	26	4	105	300
	Claims paid	-	225	(279)	(13)
GCP Co. (Affiliate)	Premiums written	4	5	94	122
	Claims paid	(30)	105	(33)	(12)
Al Huda Charity Trust (Affiliate)	Premiums written	4	6	13	35
	Claims paid	(23)	11	(25)	(1)

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS - (continued)**

**FOR THE THREE-MONTHS AND NINE-MONTHS PERIOD ENDED 30 September 2019-UNAUDITED**

**14. BALANCES AND TRANSACTIONS WITH RELATED PARTIES – (continued)**

<i>Related party</i>	<i>Nature of transaction</i>	<i>Amount of transactions</i> <i>Nine-months period ended</i>		<i>Closing balance</i> <i>Receivable / (Payable)</i>	
		30 September 2019 (Unaudited) SR'000	30 September 2018 (Unaudited) SR'000	30 September 2019 (Unaudited) SR'000	31 December 2018 (Audited) SR'000
Saudi Wings Co. (Affiliate)	Premiums written	12	-	6	12
	Claims paid	(11)	6	(13)	-
Taya Agriculture Co. (Affiliate)	Premiums written	294	144	115	300
	Claims paid	(60)	118	(74)	(22)
Bakri and sons Holding Co. (Affiliate)	Premiums written	-	2	-	-
	Claims paid	-	15	(200)	(200)
Saudi Drip Irrigation system Co. (Affiliate)	Premiums written	68	25	46	28
	Claims paid	-	146	-	(13)
Red sea Marine services Co. (Affiliate)	Premiums written	25	-	-	26
	Claims paid	-	-	-	-
Solaiman A.El Khereiji consultant (SAK) (Affiliate)	Premiums written	-	90	-	-
	Claims paid	-	-	-	-
M/s Arabian Gulf Co. For Maintenance & Contracting (Affiliate)	Premiums written	40	68	65	65
	Claims paid	(9)	8	-	-
Abdullah Al Rayes EST (Affiliate)	Premiums written	15	4	20	4
	Claims paid	(3)	1	(3)	(8)

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS - (continued)**  
**FOR THE THREE-MONTHS AND NINE-MONTHS PERIOD ENDED 30 September 2019–UNAUDITED**

**14. BALANCES AND TRANSACTIONS WITH RELATED PARTIES – (continued)**

Related party	Nature of transaction	Amount of transactions Nine-months period ended		Closing balance Receivable / (Payable)	
		30 September 2019 (Unaudited) SR'000	30 September 2018 (Unaudited) SR'000	30 September 2019 (Unaudited) SR'000	31 December 2018 (Audited) SR'000
M/s Edama Co Medical	Premiums written	24	-		19
	Claims paid		-		-
M/s Nama Real Estate	Premiums written		-		21
	Claims paid		-		-
M/s Valie Real Estate	Premiums written	1	-		13
	Claims paid	(1)	-		-
Mr. Hesham Mohammed Abdullah Al Shareef and family	Premiums written	30	-	-	-
	Claims paid	-	-	-	-
Mr. Thamer abdulaah bin rayes	Premiums written	4	-	-	-
	Claims paid	-	-	-	-
Dr. Abdulatif Alsheikh	Premiums written	0.5	-	-	-
	Claims paid	-	-	-	-
ACIG Bahrain (Shareholder)	Claims paid on behalf of ACIG Bahrain	14	(442)	2	2,391
Board and audit committee	Meetings fee	1,468	1468	(16)	-
Key management personnel	Short term benefits	4,638	4115		77
	Long term benefits	351	305		(1,809)

15. SEGMENTAL INFORMATION

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

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

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

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

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS - (continued)**  
**FOR THE THREE-MONTHS AND NINE-MONTHS PERIOD ENDED 30 September 2019-UNAUDITED**

**15. SEGMENTAL INFORMATION – (continued)**

**For three-months period ended**  
**30 September 2019 (Unaudited)**

	Medical	Motor	General Accident	Others	Total
	SR'000	SR'000	SR'000	SR'000	SR'000
<b>Revenue</b>					
Gross premiums written	42,711	74,718	7,237	4,711	129,377
Less: Premiums ceded					
-Local	(844)	-	(11)	(314)	(1,169)
-Foreign	(7,628)	-	(5,009)	(4,048)	(16,685)
Less: Excess of loss premium					
-Local	-	(192)	(99)	(57)	(348)
-Foreign	-	(289)	-	(86)	(375)
Net written premiums	34,239	74,237	2,118	206	110,800
Changes in net unearned premiums	(6,676)	8,677	304	181	2,486
Net premiums earned	27,563	82,914	2,422	387	113,286
Reinsurance commission earned	-	-	270	788	1,058
Other underwriting Income	-	977	-	-	977
Net revenues	27,563	83,891	2,692	1,175	115,321
<b>Underwriting Costs and expenses</b>					
Gross claims paid and loss adjustment expenses	38,507	62,327	1,243	100	102,177
Less: Reinsurers' share	(8,059)	(1,019)	(884)	(75)	(10,037)
Net claims paid	30,448	61,308	359	25	92,140
Changes in outstanding claims, net	(1,181)	(2,905)	(48)	61	(4,073)
Changes in incurred but not reported, net	(362)	1,812	-	-	1,450
Change in unallocated loss adjustment expense	(5)	(53)	-	-	(58)
Net claims incurred	28,900	60,162	311	86	89,459
Change in premium deficiency reserves	612	-	-	-	612
Policy acquisition cost	2,336	3,291	230	-	6,172
Other underwriting expense	345	563	-	-	908
Total underwriting costs and expenses	32,193	64,016	541	401	97,151

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS - (continued)**  
**FOR THE THREE-MONTHS AND NINE-MONTHS PERIOD ENDED 30 September 2019-UNAUDITED**

**15. SEGMENTAL INFORMATION – (continued)**

For three-months period ended 30 September 2019 (Unaudited)- (continued)	Medical	Motor	General Accident	Others	Total
	SR'000	SR'000	SR'000	SR'000	SR'000
Net underwriting income	(4,630)	19,875	2,151	774	18,170
General and administrative expenses					(20,137)
Allowance for doubtful debts					(844)
Commission income on Deposits					1,704
Realized gain on available for sale investments					421
Others					20
Total other operating expenses					(18,836)
Net Surplus					(666)
Surplus transferred to Shareholders'					(552)
Net result after transfer of surplus to shareholders'					(114)

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS - (continued)**  
**FOR THE THREE-MONTHS AND NINE-MONTHS PERIOD ENDED 30 September 2019–UNAUDITED**

**15. SEGMENTAL INFORMATION – (continued)**

For three-months period ended  
30 September 2018 (Unaudited)

	Medical	Motor	General Accident	Others	Total
	SR '000	SR '000	SR '000	SR '000	SR '000
Revenue					
Gross premiums written	45,309	111,714	1,286	6,234	164,543
Less: Premiums ceded					
- Local	(904)	-	(7)	(199)	(1,110)
- Foreign	(5,332)	-	(112)	(5,641)	(11,085)
Less: Excess of loss premium					
- Local	-	(374)	(207)	(35)	(616)
- Foreign		(560)	(9)	(53)	(622)
Net written premiums	39,073	110,780	951	306	151,110
Changes in net unearned premiums	(7,950)	(27,505)	1,577	136	(33,742)
Net premiums earned	31,123	83,275	2,528	442	117,368
Other underwriting Income	2,293	1,297	-	-	3,590
Reinsurance commission earned	-	7	124	555	686
Net revenues	33,416	84,579	2,652	997	121,644
Underwriting Costs and expenses					
Gross claims paid and loss adjustment expenses	31,785	54,497	260	121	86,663
Less: Reinsurers' share	(7,675)	(50)	(18)	(99)	(7,842)
Net claims paid	24,110	54,447	242	22	78,821
Changes in outstanding claims, net	689	4520	(53)	35	5,191
Changes in incurred but not reported, net	3,890	(886)	-	-	3,004
Net claims incurred	28,689	58,081	189	57	87,016
Policy acquisition cost	2,757	3,379	236	192	6,564
Other underwriting expense	390	651	-	-	1,041
Total underwriting costs and expenses	31,836	62,111	425	249	94,621



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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS - (continued)**  
**FOR THE THREE-MONTHS AND NINE-MONTHS PERIOD ENDED 30 September 2019--UNAUDITED**

**15. SEGMENTAL INFORMATION – (continued)**

For three-months period ended 30 September 2018 (Unaudited)	Medical	Motor	General Accident	Others	Total
	SR '000	SR '000	SR '000	SR '000	SR '000
Net underwriting income	1,580	22,468	2,227	748	27,023
General and administrative expenses					(24,258)
Realized gain on available-for-sale investments					354
Allowance for doubtful debts					(5,678)
Commission income on deposits					1,343
Others					1
Total other operating expenses					(28,238)
Net Surplus					(1,215)
Surplus transferred to Shareholders					(1,103)
Net result after transfer of surplus to shareholders					(112)

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS - (continued)**  
**FOR THE THREE-MONTHS AND NINE-MONTHS PERIOD ENDED 30 September 2019--UNAUDITED**

**15. SEGMENTAL INFORMATION – (continued)**

For nine-months period ended 30 September 2019 (Unaudited)	Medical	Motor	General Accident	Others	Total
	SR '000	SR '000	SR '000	SR '000	SR '000
<b>Revenue</b>					
Gross premiums written	114,746	260,710	12,180	16,686	404,322
Less: Premiums ceded					
- Local	(2,257)	-	(118)	(1,281)	(3,656)
- Foreign	(20,114)	-	(6,964)	(13,787)	(40,865)
Less: Excess of loss premium					
- Local	-	(825)	(352)	(172)	(1,349)
- Foreign	-	(1,241)	(17)	(258)	(1,516)
Net written premiums	92,375	258,644	4,729	1,188	356,936
Changes in net unearned premiums	(1,319)	(2,001)	2,115	(170)	(1,375)
Net premiums earned	91,056	256,643	6,844	1,018	355,561
Reinsurance commission earned	-	5	589	2,336	2,930
Other underwriting Income	-	2,075	-	-	2,075
Net revenues	91,056	258,723	7,433	3,354	360,566
<b>Underwriting Costs and expenses</b>					
Gross claims paid and loss adjustment expenses	107,877	196,829	1,999	392	307,097
Less: Reinsurers' share	(23,535)	(2,594)	(1,005)	(300)	(27,434)
Net claims paid	84,342	194,235	994	92	279,663
Changes in outstanding claims, net	(3,079)	(1,610)	182	38	(4,469)
Changes in incurred but not reported, net	1,116	581	-	-	1,697
Change in unallocated loss adjustment expense	(6)	(39)	-	-	(45)
Net claims incurred	82,373	193,167	1,176	130	276,846
Change in premium deficiency reserves	389	-	-	-	389
Policy acquisition cost	7,582	9,022	702	964	18,270
Other underwriting expense	1,125	3,483	-	-	4,608
Total underwriting costs and expenses	91,469	205,672	1,878	1,094	300,113

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS - (continued)**  
**FOR THE THREE-MONTHS AND NINE-MONTHS PERIOD ENDED 30 September 2019–UNAUDITED**

**15. SEGMENTAL INFORMATION – (continued)**

For nine-months period ended 30 September 2019 (Unaudited)- (continued)	Medical	Motor	General Accident	Others	Total
	SR '000	SR '000	SR '000	SR '000	SR '000
Net underwriting income	(413)	53,051	5,555	2,260	60,453
General and administrative expenses					(61,905)
Realized gain on available-for-sale investments					2,630
Commission income on deposits					4,846
Release of doubtful debts					(599)
Other income					22
Total other operating expenses					(55,006)
Net Surplus					5,447
Surplus transferred to Shareholders'					(5,116)
Net result after transfer of surplus to shareholders'					331

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS - (continued)**

**FOR THE THREE-MONTHS AND NINE-MONTHS PERIOD ENDED 30 September 2019–UNAUDITED**

**15. SEGMENTAL INFORMATION – (continued)**

For nine-months period ended  
30 September 2018 (Unaudited)

	Medical	Motor	General Accident	Others	Total
	SR '000	SR '000	SR '000	SR '000	SR '000
Revenue					
Gross premiums written	125,255	252,252	6,224	10,893	394,624
Less: Premiums ceded					
- Local	(2,556)	-	(38)	(698)	(3,292)
- Foreign	(17,001)	(84)	(2,070)	(8,945)	(28,100)
Less: Excess of loss premium					
- Local	-	(1,454)	(669)	(105)	(2,228)
- Foreign	-	(2,181)	(26)	(159)	(2,366)
Net written premiums	105,698	248,533	3,421	986	358,638
Changes in net unearned premiums	(25,445)	(23,159)	3,597	(42)	(45,049)
Net premiums earned	80,253	225,374	7,018	944	313,589
Other underwriting Income	4,708	6,380	-	-	11,088
Reinsurance commission earned	-	11	419	1514	1,944
Net revenues	84,961	231,765	7,437	2,458	326,621
Underwriting Costs and expenses					
Gross claims paid and loss adjustment expenses	80,558	156,408	523	488	237,977
Less: Reinsurers' share	(23,373)	(3,804)	(29)	(425)	(27,631)
Net claims paid	57,185	152,604	494	63	210,346
Changes in outstanding claims, net	5,680	3,262	582	32	9,556
Changes in incurred but not reported, net	5,219	1,351	-	-	6,570
Net claims incurred	68,084	157,127	1076	95	226,472
Policy acquisition cost	7,519	11,922	688	553	20,682
Other underwriting expense	805	1227	-	-	2,032
Total underwriting costs and expenses	76,408	170,366	1,764	648	249,186

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS - (continued)**  
**FOR THE THREE-MONTHS AND NINE-MONTHS PERIOD ENDED 30 September 2019–UNAUDITED**

**15. SEGMENTAL INFORMATION – (continued)**

For nine-months period ended  
30 September 2018 (Unaudited)-(continued)

	Medical	Motor	General Accident	Others	Total
	SR '000	SR '000	SR '000	SR '000	SR '000
Net underwriting income	8,553	61,399	5,673	1,810	77,435
General and administrative expenses					(67,691)
Realized gain on available-for-sale investments					1,430
Allowance for doubtful debts					(6,914)
Commission income on deposits					3,508
Impairment on available for sale investments					(2,797)
Other income					7
Total other operating expenses					(72,457)
Net Surplus					4,978
Surplus transferred to Shareholders'					(4,238)
Net result after transfer of surplus to shareholders'					740

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS - (continued)**  
**FOR THE THREE-MONTHS AND NINE-MONTHS PERIOD ENDED 30 September 2019–UNAUDITED**

**15. SEGMENTAL INFORMATION – (continued)**

As at 30 September 2019 (Unaudited)	Medical	Motor	General accident	Others	Total – Insurance operation	Shareholders' operations	Total
	SR '000	SR '000	SR '000	SR '000	SR '000	SR '000	SR '000
<b>Assets</b>							
Cash and cash equivalents	-	-	-	-	64,238	5,609	69,847
Premiums and reinsurers' receivable - net	-	-	-	-	101,659	-	101,659
Reinsurers' share of unearned premiums	14,712	-	5,143	8,745	28,600	-	28,600
Reinsurers' share of outstanding claims	3,959	2,869	2,950	672	10,450	-	10,450
Reinsurers' share of claims Incurred but not reported	4,411	-	1,054	1,458	6,923	-	6,923
Deferred policy acquisition costs	5,088	8,569	746	463	14,866	-	14,866
Investments	-	-	-	-	138,421	79,754	218,175
Unallocated assets	-	-	-	-	62,161	64,542	126,703
<b>Total Assets</b>	<b>28,170</b>	<b>11,438</b>	<b>9,893</b>	<b>11,338</b>	<b>427,318</b>	<b>149,905</b>	<b>577,223</b>
<b>Liabilities</b>							
Policyholders claims payable					3,910		3,910
Reinsurers' balances payable					20,265		20,265
Unearned premiums	68,215	166,511	15,067	9,451	259,244		259,244
Unearned reinsurance commission	-	-	517	956	1,473		1,473
Outstanding claims	15,263	15,913	5,794	885	37,855		37,855
Claims incurred but not reported	17,111	37,379	2,322	1,573	58,385		58,385
Other technical reserves	2,409				2,409		2,409
Loss Adjustment Expenses Reserve	162	1,332	201	57	1,752		1,752
Unallocated liabilities					42,025	149,905	191,930
<b>Total liabilities</b>	<b>103,160</b>	<b>221,135</b>	<b>23,901</b>	<b>12,922</b>	<b>427,318</b>	<b>149,905</b>	<b>577,223</b>

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS - (continued)**  
**FOR THE THREE-MONTHS AND NINE-MONTHS PERIOD ENDED 30 September 2019-UNAUDITED**

**15. SEGMENTAL INFORMATION – (continued)**

As at 31 December 2018	Medical	Motor	General accident	Others	Total – Insurance operation	Shareholders' operations	Total
	SR '000	SR '000	SR '000	SR '000	SR '000	SR '000	SR '000
<b>Assets</b>							
Cash and cash equivalents	-	-	-	-	83,409	10,086	93,495
Premiums and reinsurers' receivable - net	-	-	-	-	93,978	-	93,978
Reinsurers' share of unearned premiums	9,074	29	2,701	10,934	22,738	-	22,738
Reinsurers' share of outstanding claims	4,120	2,869	3,027	527	10,543	-	10,543
Reinsurers' share of claims Incurred but not reported	3,492	-	1,054	1,458	6,004	-	6,004
Deferred policy acquisition costs	4,824	5,874	964	388	12,050	-	12,050
Investments	-	-	-	-	138,256	48,983	187,239
Unallocated assets	-	-	-	-	40,447	85,722	126,169
<b>Total Assets</b>	<b>21,510</b>	<b>8,772</b>	<b>7,746</b>	<b>13,307</b>	<b>407,425</b>	<b>144,791</b>	<b>552,216</b>
<b>Liabilities</b>							
Policyholders claims payable	-	-	-	-	8,741	-	8,741
Reinsurers' balances payable	-	-	-	-	11,505	-	11,505
Unearned premiums	61,257	164,538	14,742	11,470	252,007	-	252,007
Unearned reinsurance commission	-	6	356	904	1,266	-	1,266
Outstanding claims	18,504	17,523	5,690	702	42,419	-	42,419
Claims incurred but not reported	15,075	36,798	2,323	1,573	55,769	-	55,769
Other technical reserves	2,188	1,371	201	56	3,816	-	3,816
Unallocated liabilities	-	-	-	-	31,902	144,791	176,693
<b>Total liabilities</b>	<b>97,024</b>	<b>220,236</b>	<b>23,312</b>	<b>14,705</b>	<b>407,425</b>	<b>144,791</b>	<b>552,216</b>

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS - (continued)**  
**FOR THE THREE-MONTHS AND NINE-MONTHS PERIOD ENDED 30 September 2019-UNAUDITED**

**15. SEGMENTAL INFORMATION – (continued)**

Gross written premium – For the nine months period ended 30 September 2019					
	Medical	Motor	Properties and accident	Protection and savings	Total
	SR '000	SR '000	SR '000	SR '000	SR '000
Retail	7,751	251,403	4,267	-	263,421
Very Small	9,230	973	678	-	10,881
Small	29,589	3,480	5,834	-	38,903
Medium	20,083	3,026	2,096	-	25,205
Large	48,093	1,828	15,991	-	65,912
<b>Total</b>	<b>114,746</b>	<b>260,710</b>	<b>28,866</b>	<b>-</b>	<b>404,322</b>
Gross written premium – For the nine months period ended 30 September 2018					
	Medical	Motor	Properties and accident	Protection and savings	Total
	SR '000	SR '000	SR '000	SR '000	SR '000
Retail	1,435	243,970	3,562	-	248,967
Very Small	3,215	1,179	630	-	5,024
Small	24,347	4,612	3,533	-	32,492
Medium	19,327	1,087	1,458	-	21,872
Large	76,931	1,404	7,934	-	86,269
<b>Total</b>	<b>125,255</b>	<b>252,252</b>	<b>17,117</b>	<b>-</b>	<b>394,624</b>



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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS - (continued)  
FOR THE THREE-MONTHS AND NINE-MONTHS PERIOD ENDED 30 September 2019-UNAUDITED

15. SEGMENTAL INFORMATION – (continued)

Gross written premium – For the three months period ended 30 September 2019					
	Medical	Motor	Properties and accident	Protection and savings	Total
	SR '000	SR '000	SR '000	SR '000	SR '000
Retail	2,091	72,707	1,834	-	76,632
Very Small	2,422	268	-	-	2,690
Small	9,720	665	1,319	-	11,704
Medium	6,472	601	880	-	7,953
Large	22,006	477	7,915	-	30,398
Total	42,711	74,718	11,948	-	129,377
Gross written premium – For the three months period ended 30 September 2018					
	Medical	Motor	Properties and accident	Protection and savings	Total
	SR '000	SR '000	SR '000	SR '000	SR '000
Retail	1,435	110,412	1,039	-	112,886
Very Small	1,344	270	-	-	1,614
Small	8,153	577	470	-	9,200
Medium	5,235	487	878	-	6,600
Large	29,142	(32)	5,133	-	34,243
Total	45,309	111,714	7,520	-	164,543

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS - (continued)**  
**FOR THE THREE-MONTHS AND NINE-MONTHS PERIOD ENDED 30 September 2019–UNAUDITED**

**16. SUPPLEMENTARY INFORMATION**

	30 September 2019 (Unaudited)			31 December 2018 (Audited)		
Interim statement of financial position	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
<b>Assets</b>	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>
Cash and cash equivalents	64,238	5,609	69,847	83,409	10,086	93,495
Term deposits	138,421	79,754	218,175	138,256	48,983	187,239
Premiums and reinsurers' receivable – net	101,659	-	101,659	93,978	-	93,978
Reinsurers' share of unearned premium	28,600	-	28,600	22,738	-	22,738
Reinsurers' share of outstanding claims	10,450	-	10,450	10,543	-	10,543
Reinsurers' share of claims Incurred but not reported	6,923	-	6,923	6,004	-	6,004
Deferred policy acquisition cost	14,866	-	14,866	12,050	-	12,050
Due from related party	1,760	-	1,760	2,391	-	2,391
Prepaid expenses and other receivables	43,393	4,376	47,769	28,047	6,602	34,649
Property and equipment, net	3,980	-	5,105	5,445	-	10,009
Intangible assets, net	5,105	-	3,980	4,564	-	-
Right of use asset, net	7,923	-	7,923	-	-	-
Available for sale Investments	-	38,580	38,580	-	57,734	57,734
Statutory deposit	-	20,000	20,000	-	20,000	20,000
Accrued income on statutory deposit	-	1,586	1,586	-	1,386	1,386
<b>TOTAL ASSETS</b>	<b>427,318</b>	<b>149,905</b>	<b>577,223</b>	<b>407,425</b>	<b>144,791</b>	<b>552,216</b>
<b>Liabilities</b>						
Policyholders claims payable	3,910	-	3,910	8,741	-	8,741
Accrued and other payables	17,684	48	17,732	17,016	286	17,302
Reinsurers' balances payable	20,265	-	20,265	11,505	-	11,505
Unearned premiums	259,244	-	259,244	252,007	-	252,007
Unearned reinsurance commission income	1,473	-	1,473	1,266	-	1,266
Other technical reserves	4,161	-	4,161	3,816	-	3,816
Outstanding claims	37,855	-	37,855	42,419	-	42,419
Claims incurred but not reported	58,385	-	58,385	55,769	-	55,769

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS - (continued)**  
**FOR THE THREE-MONTHS AND NINE-MONTHS PERIOD ENDED 30 September 2019–UNAUDITED**

**16. SUPPLEMENTARY INFORMATION – (continued)**

	30 September 2019 (Unaudited)			31 December 2018 (Audited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	SR '000	SR '000	SR '000	SR '000	SR '000	SR '000
Interim statement of financial position						
Lease Liability	7,359	-	7,359	-	-	-
Employees' terminal benefits	11,193	-	11,193	9,789	-	9,789
Surplus distribution payable	5,789	-	5,789	5,457	-	5,457
Accrued zakat and income tax		6,557	6,557	-	5,111	5,111
Accrued commission on statutory deposit payable to SAMA		1,586	1,586	-	1,386	1,386
<b>TOTAL LIABILITIES</b>	<b>427,318</b>	<b>8,191</b>	<b>435,509</b>	<b>407,785</b>	<b>6,783</b>	<b>414,568</b>
<b>EQUITY</b>						
Share capital	-	200,000	200,000	-	200,000	200,000
Accumulated losses	-	(59,592)	(59,592)	-	(61,233)	(61,233)
Fair value reserve on investments	-	1,666	1,666	-	(759)	(759)
<b>Total shareholders' equity</b>	<b>-</b>	<b>142,074</b>	<b>142,074</b>	<b>-</b>	<b>138,008</b>	<b>138,008</b>
Actuarial Reserve For Employee Benefits	(360)	-	(360)	(360)	-	(360)
<b>Total equity</b>	<b>(360)</b>	<b>142,074</b>	<b>141,714</b>	<b>(360)</b>	<b>138,008</b>	<b>137,648</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>426,958</b>	<b>150,265</b>	<b>577,223</b>	<b>407,425</b>	<b>144,791</b>	<b>552,216</b>

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS - (continued)**  
**FOR THE THREE-MONTHS AND NINE-MONTHS PERIOD ENDED 30 September 2019–UNAUDITED**

**16. SUPPLEMENTARY INFORMATION – (continued)**

**Interim statement of income**

	2019			2018		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations (Restated)	Total (Restated)
	SR '000	SR '000	SR '000	SR '000	SR '000	SR '000
<b>For three-months period ended 30 September (Unaudited)</b>						
<b>Revenue</b>						
Gross premiums written	129,377	-	129,377	164,543	-	164,543
Less: Premiums ceded						
- Local	(1,169)	-	(1,169)	(1,110)	-	(1,110)
- Foreign	(16,685)	-	(16,685)	(11,085)	-	(11,085)
Less: Excess of loss premium		-			-	
- Local	(348)	-	(348)	(616)	-	(616)
- Foreign	(375)	-	(375)	(622)	-	(622)
Net written premiums	110,800	-	110,800	151,110	-	151,110
Changes in net unearned premiums	2,486	-	2,486	(33,742)	-	(33,742)
Net premiums earned	113,286	-	113,286	117,368	-	117,368
Other underwriting Income	977	-	977	3,590	-	3,590
Reinsurance commission earned	1,058	-	1,058	686	-	686
Total revenues	115,321	-	115,321	121,644	-	121,644
<b>Underwriting Costs and expenses</b>						
Gross claims paid	102,177	-	102,177	86,663	-	86,663
Less: Reinsurers' share	(10,037)	-	(10,037)	(7,842)	-	(7,842)
Net claims and other benefits paid	92,140	-	92,140	78,821	-	78,821
Changes in outstanding claims, net	(4,073)	-	(4,073)	5,191	-	5,191
Changes in incurred but not reported, net	1,450	-	1,450	3,004	-	3,004
Change in unallocated loss adjustment expense, net	(58)	-	(58)	-	-	-
Net claims and other benefits incurred	89,459	-	89,459	87,016	-	87,016
Change in premium deficiency reserve	612	-	612	-	-	-
Policy acquisition cost	6,172	-	6,172	6,564	-	6,564
Other underwriting expense	908	-	908	1,041	-	1,041
Total underwriting costs and expenses	97,151	-	97,151	94,621	-	94,621
<b>Net underwriting (loss)/income</b>	<b>18,170</b>	<b>-</b>	<b>18,170</b>	<b>27,023</b>	<b>-</b>	<b>27,023</b>

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS - (continued)**  
**FOR THE THREE-MONTHS AND NINE-MONTHS PERIOD ENDED 30 September 2019-UNAUDITED**

**16. SUPPLEMENTARY INFORMATION - (continued)**

Interim statement of income-(continued)	2019			2018		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations (Restated)	Total (Restated)
	SR '000	SR '000	SR '000	SR '000	SR '000	SR '000
For three-months period ended 30 September (Unaudited) - (continued)						
General and administrative expenses	(19,654)	(483)	(20,137)	(23,575)	(683)	(24,258)
Realized gain on available for sale investments	-	421	421	-	354	354
Provision of doubtful debts	(844)		(844)	(5,678)	-	(5,678)
Commission income on deposits	1,170	534	1,704	1,111	232	1,343
Impairment on available-for-sale investments	-		-	-	-	-
Other income	20		20	1	-	1
<b>Total other operating (expenses) / income</b>	<b>(19,308)</b>	<b>472</b>	<b>(18,836)</b>	<b>(28,141)</b>	<b>(97)</b>	<b>(28,238)</b>
<b>Net Surplus</b>	<b>(1,138)</b>	<b>472</b>	<b>(666)</b>	<b>(1,118)</b>	<b>(97)</b>	<b>(1,215)</b>
Zakat charge for the period	-	(1,292)	(1,292)	-	(1,115)	(1,115)
Surplus transferred to shareholder operations	1,024	(1,024)	-	1,006	(1,006)	-
<b>Net result after transfer of surplus to shareholders</b>	<b>(114)</b>	<b>(1,844)</b>	<b>(1,958)</b>	<b>(112)</b>	<b>(2,218)</b>	<b>(2,330)</b>
<b>Earnings per share (Expressed in SAR per share)</b>						
Basic and diluted (loss) / earning per share for the period (SR)	(0.01)	(0.09)	(0.10)	(0.01)	(0.11)	(0.12)
<b>Interim statement of comprehensive income</b>						
<b>Net result after transfer of surplus to shareholders</b>	<b>(114)</b>	<b>(1,844)</b>	<b>(1,958)</b>	<b>(112)</b>	<b>(2,218)</b>	<b>(2,330)</b>
<b>Other comprehensive income/(loss)</b>						
Items that are or may be reclassified to consolidated statement of income in subsequent periods:						
Net change in fair value of available-for-sale investments	-	924	924	-	(474)	(474)
<b>TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD</b>	<b>(114)</b>	<b>(920)</b>	<b>(1,034)</b>	<b>(112)</b>	<b>(2,692)</b>	<b>(2,804)</b>

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS - (continued)**  
**FOR THE THREE-MONTHS AND NINE-MONTHS PERIOD ENDED 30 September 2019-UNAUDITED**

**16. SUPPLEMENTARY INFORMATION – (continued)**

**Interim statement of income**

	2019			2018		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations (Restated)	Total (Restated)
	SR '000	SR '000	SR '000	SR '000	SR '000	SR '000
<b>For nine-months period ended 30 September (Unaudited)</b>						
<b>Revenue</b>						
Gross premiums written	404,322	-	404,322	394,624	-	394,624
Less: Premiums ceded						
- Local	(3,656)	-	(3,656)	(3,292)	-	(3,292)
- Foreign	(40,865)	-	(40,865)	(28,100)	-	(28,100)
Less: Excess of loss premium						
- Local	(1,349)	-	(1,349)	(2,228)	-	(2,228)
- Foreign	(1,516)	-	(1,516)	(2,366)	-	(2,366)
Net written premiums	356,936	-	356,936	358,638	-	358,638
Changes in net unearned premiums	(1,375)	-	(1,375)	(45,059)	-	(45,059)
Net premiums earned	355,561	-	355,561	313,589	-	313,589
Other underwriting Income	2,075	-	2,075	11,088	-	11,088
Reinsurance commission earned	2,930	-	2,930	1,944	-	1,944
Total revenues	360,566	-	360,566	326,621	-	326,621
<b>Underwriting Costs and expenses</b>						
Gross claims paid	307,097	-	307,097	237,977	-	237,977
Less: Reinsurers' share	(27,434)	-	(27,434)	(27,631)	-	(27,631)
Net claims and other benefits paid	279,663	-	279,663	210,346	-	210,346
Changes in outstanding claims, net	(4,469)	-	(4,469)	9,556	-	9,556
Changes in incurred but not reported, net	1,697	-	1,697	6,570	-	6,570
Change in unallocated loss adjustment expense, net	(45)	-	(45)	-	-	-
Net claims and other benefits incurred	276,846	-	276,846	226,472	-	226,472
Change in premium deficiency reserve	389	-	389	-	-	-
Policy acquisition cost	18,270	-	18,270	20,682	-	20,682
Other underwriting expense	4,608	-	4,608	2,032	-	2,032
Total underwriting costs and expenses	300,113	-	300,114	249,186	-	249,186
<b>Net underwriting (loss)/income</b>	<b>60,453</b>	<b>-</b>	<b>60,453</b>	<b>77,435</b>	<b>-</b>	<b>77,435</b>

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS - (continued)**  
**FOR THE THREE-MONTHS AND NINE-MONTHS PERIOD ENDED 30 September 2019-UNAUDITED**

**16. SUPPLEMENTARY INFORMATION – (continued)**

**Interim statement of income-(continued)**

**For nine-months period ended 30 September (Unaudited)-  
(continued)**

	2019			2018		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations (Restated)	Total (Restated)
	SR '000	SR '000	SR '000	SR '000	SR '000	SR '000
General and administrative expenses	(60,107)	(1,798)	(61,905)	(66,027)	(1,664)	(67,691)
Realized gain on available-for-sale investments	-	2,630	2,630	-	1,430	1,430
Provision of doubtful debts	(599)	-	(599)	(6,914)	-	(6,914)
Commission income on deposits	3,546	1,300	4,846	2,901	607	3,508
Impairment on available for sale investments	-	-	-	-	(2,797)	(2,797)
Other income	22	-	22	7	-	7
<b>Total other operating (expenses) / income</b>	<b>(57,138)</b>	<b>2,132</b>	<b>(55,006)</b>	<b>(70,033)</b>	<b>(2,424)</b>	<b>(72,457)</b>
Net Surplus	3,315	2,132	5,447	7,402	(2,424)	4,978
Zakat charge for the period	-	(3,475)	(3,475)	-	(4,661)	(4,661)
Surplus transferred to shareholder operations	(2,984)	2,984	-	(6,662)	6,662	-
Net result after transfer of surplus to shareholders	<b>331</b>	<b>1,641</b>	<b>1,972</b>	<b>740</b>	<b>(423)</b>	<b>317</b>
Earnings per share (Expressed in SAR per share)						
Basic and diluted (loss) / earning per share for the period (SR)	<b>0.02</b>	<b>0.08</b>	<b>0.10</b>	<b>0.04</b>	<b>(0.02)</b>	<b>0.02</b>
<b>Interim statement of comprehensive income</b>						
Net result after transfer of surplus to shareholders	331	1,641	1,972	740	(423)	317
Other comprehensive income / (loss)						
Items that are or may be reclassified to consolidated statement of income in subsequent periods:						
Impairment on available for sale investments	-	-	-	-	2,797	2,797
Net change in fair value of available-for-sale investments	-	2,425	2,425	-	(441)	(441)
<b>TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD</b>	<b>331</b>	<b>4,066</b>	<b>4,397</b>	<b>740</b>	<b>1,933</b>	<b>2,673</b>

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS - (continued)**  
**FOR THE THREE-MONTHS AND NINE-MONTHS PERIOD ENDED 30 September 2019-UNAUDITED**

**16. SUPPLEMENTARY INFORMATION – (continued)**

**Interim statement of cash flow**

	2019			2018		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	SR '000	SR '000	SR '000	SR '000	SR '000	SR '000
<b>For nine-months period ended 30 September (Unaudited)</b>						
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Net profit for the period	3,315	2,132	5,447	740	4,238	4,978
Adjustments for non-cash items:						
Depreciation	3,038	-	3,038	1,875	-	1,875
Amortization of intangibles	676	-	676	-	-	-
Employees' terminal benefits	1,743	-	1,743	1,711	-	1,711
Allowance for/(Reversal of) doubtful debts	844	-	844	6,914	-	6,914
Impairment on available for sale investments	-	-	-	-	2,797	2,797
Realized (gain) on available for sale investments	-	(2,630)	(2,630)	-	(1,430)	(1,430)
<i>Changes in operating assets and liabilities:</i>						
Premiums and reinsurers' receivable	(8,525)	-	(8,525)	(45,553)	-	(45,553)
Reinsurers' share of unearned premiums	(5,862)	-	(5,862)	5,929	-	5,929
Reinsurers' share of outstanding claims	93	-	93	5,075	-	5,075
Reinsurers' share of claims Incurred but not reported	(919)	-	(919)	(700)	-	(700)
Deferred policy acquisition cost	(2,816)	-	(2,816)	3,779	-	3,779
Prepayments and other receivables	(13,120)	-	(13,120)	4,000	(557)	3,443
Increase in right of use asset	(9,305)	-	(9,305)	-	-	-
Increase in lease liability	7,359	-	7,359	-	-	-
Policyholders claim payable	(4,831)	-	(4,831)	(866)	-	(866)
Due to related party	631	-	631	442	-	442
Reinsurance payable	8,760	-	8,760	(976)	-	(976)
Unearned commission income	207	-	207	(292)	-	(292)
Unearned premiums	7,237	-	7,237	39,121	-	39,121
Outstanding claims	(4,564)	-	(4,564)	6,872	-	6,872
Claims incurred but not reported and other reserves	2,961	-	2,961	7,272	-	7,272
Accrued and other payables	392	38	430	13,505	(234)	13,271



ALLIED COOPERATIVE INSURANCE GROUP (ACIG)

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS - (continued)

FOR THE THREE-MONTHS AND NINE-MONTHS PERIOD ENDED 30 September 2019–UNAUDITED

	2019			2018		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
For nine-months period ended 30 September (Unaudited)	SR '000	SR '000	SR '000	SR '000	SR '000	SR '000
	(12,686)	(460)	(13,146)	48,648	4,814	53,662
End-of-service indemnities paid	(339)	-	(339)	(564)	-	(564)
Zakat and income tax paid		(2,029)	(2,029)	-	(2,781)	(2,781)
<b>Net cash (used in) /generated from operating activities</b>	<b>(13,025)</b>	<b>(2,489)</b>	<b>(15,514)</b>	<b>48,284</b>	<b>2,033</b>	<b>50,317</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Purchase of property and equipment	(189)	-	(189)	(3,571)	-	(3,571)
Proceed from sale of property and equipment	-	-	-	2	-	2
Purchase of Intangible	-	(1,219)	(1,219)	-	-	-
Placement of term deposits	-	(30,936)	(30,936)	-	-	-
Purchases of available for sale investments	-	-	-	-	(17,301)	(17,301)
Proceed from sale of available-for-sale investments	-	-	-	-	1,705	1,705
Proceed from investment	24,210	-	24,210	8,993	(11,231)	(2,238)
<b>Net cash generated from/(used in) investing activities</b>	<b>24,021</b>	<b>(32,155)</b>	<b>(8,134)</b>	<b>5,424</b>	<b>(26,827)</b>	<b>(21,403)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>10,996</b>	<b>(34,644)</b>	<b>(23,648)</b>	<b>53,708</b>	<b>(24,794)</b>	<b>28,914</b>
Cash and cash equivalents at the beginning of the period	83,409	10,086	93,495	44,283	33,315	77,598
Cash and cash equivalents at the end of the period	94,405	(24,558)	69,847	97,991	8,521	106,512

**17. CONTINGENT LIABILITY**

As at 30 September 2019, the Company has a letter of guarantee amounting to SR 1.83 million (31 December 2018: SR 1.83 million) in favor of GAZT (See Note 10). A margin of SR 1.83 million (31 December 2017: SR 1.83 million) being deposited with a bank for this purpose and is included in prepayments and other receivables in the interim statement of financial position. The Company has paid the assessment amount and requested for releasing of above mentioned guarantee amount.

**18. COMPARATIVE FIGURES**

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

**19. APPROVAL OF INTERIM CONDENSED FINANCIAL INFORMATION**

These interim condensed financial information have been approved by the board of directors on 28 Safar, 1441H, corresponding to 27 October, 2019.