
SALAMA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

**UNAUDITED INTERIM CONDENSED
FINANCIAL STATEMENTS**

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

SALAMA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTH AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2022

INDEX	PAGE
Independent Auditors' Review Report	1– 2
Interim Condensed Statement of Financial Position	3
Interim Condensed Statement of Income	4 – 5
Interim Condensed Statement of Comprehensive Income	6
Interim Condensed Statement of Changes in Equity	7
Interim Condensed Statement of Cash Flows	8 – 9
Notes to the Interim Condensed Financial Statements	10 – 45



AlAzem, AlSudairy, AlShaikh and Partners
For Professional Consulting

Member of Crowe Global
P.O.Box 10504 Riyadh 11443
Kingdom of Saudi Arabia



Ibrahim Ahmed Al-Bassam & Co

Certified Public Accountants - Al-Bassam & Co.

(member firm of PKF International)

P.O Box 15651
Jeddah 21454
Kingdom of Saudi Arabia

INDEPENDENT AUDITORS' REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL STATEMENTS

The Shareholders'
Salama Cooperative Insurance Company
(A Saudi Joint Stock Company)
Kingdom of Saudi Arabia

INTRODUCTION

We have reviewed the accompanying interim statement of financial position of **Salama Cooperative Insurance Company** (A Saudi Joint Stock Company) (the "Company") as at 30 September 2022 and the related interim statement of income and comprehensive income for the three month and nine month periods then ended, and the interim statements of changes in equity and cash flows for the nine month period then ended, and a summary of significant accounting policies and other explanatory notes (the "interim condensed financial statements"). Management is responsible for the preparation and presentation of these interim condensed financial statements 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 these interim condensed financial statements based on our review.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagement 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", that is endorsed in the Kingdom of Saudi Arabia. A review of interim condensed financial 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 that is endorsed in the Kingdom of Saudi Arabia.



AlAzem, AlSudairy, AlShaikh and Partners
For Professional Consulting

Member of Crowe Global
P.O.Box 10504 Riyadh 11443
Kingdom of Saudi Arabia



Ibrahim Ahmed Al-Bassam & Co

Certified Public Accountants - Al-Bassam & Co.

(member firm of PKF International)

P.O Box 15651
Jeddah 21454
Kingdom of Saudi Arabia

**INDEPENDENT AUDITORS' REVIEW REPORT
ON THE INTERIM CONDENSED FINANCIAL STATEMENTS - (continued)**

EMPHASIS OF MATTER

We draw attention to note 3(c) in the accompanying interim condensed financial statements, which indicates that the Company having accumulated losses amounting to SR 67.60 million being 67.60% (31 December 2021: SR 158.77 million being 63.51%) of its capital. The solvency of the Company as of 30 September 2022 has reached -8.07% (31 December 2021: 73.52%). On 16 August 2022, as recommended by the Board of Directors, the shareholders of the Company in an extra-ordinary general meeting approved the decrease in the share capital with netting-off in part of the accumulated losses by SR 150 million and utilize the entire balance of the statutory reserve by SR 5 million in additional netting-off part of the accumulated losses. Furthermore, on 16 August 2022, the Board of Directors recommended an increase in share capital through offering a rights issue with a total value of SR 200 million. As stated in note 3(c), these events or conditions, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

**For Alazem, Alsudairy, Alshaikh and Partners
for Professional Consulting**

Abdullah M. AlAzem
Certified Public Accountant
License No. 335




**For Al-Bassam & Co.
Certified Public Accountants**

Ahmed AbdulMajeed Mohandis
Certified Public Accountant
License No. 477

15 Rabi-ul-Thani 1444H
Corresponding to 09 November 2022



SALAMA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2022

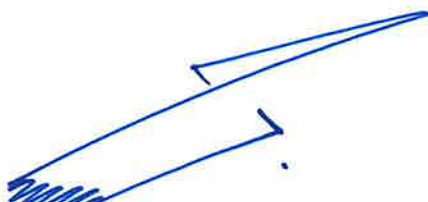
		30 September 2022 (Unaudited) SR'000	31 December 2021 (Audited) SR'000
	Notes		
<u>ASSETS</u>			
Cash and cash equivalents	4(a)	194,605	124,016
Term deposits	4(b)	168,271	97,000
Premiums and reinsurers' receivable – net	5	79,009	54,672
Reinsurers' share of unearned premiums	7.2	40,701	25,555
Reinsurers' share of outstanding claims	7.1	34,627	19,975
Reinsurers' share of claims incurred but not reported	7.1	11,979	13,866
Deferred policy acquisition costs		43,030	27,707
Investments	6	90,931	168,453
Prepaid expenses and other assets	8	27,896	19,154
Right of use assets – net		16,335	18,231
Property and equipment – net		5,443	4,107
Intangible assets – net		1,101	418
Statutory deposit	9	37,500	37,500
Accrued commission on statutory deposit	9	4,471	3,887
<u>TOTAL ASSETS</u>		755,899	614,541
<u>LIABILITIES</u>			
Policyholders claims payable		14,587	11,421
Accrued expenses and other liabilities		55,144	35,982
Lease liabilities		17,368	20,335
Reinsurers' balances payable		9,866	984
Unearned premiums	7.2	405,829	228,830
Unearned reinsurance commission		4,470	4,351
Outstanding claims	7.1	33,686	22,859
Claims incurred but not reported	7.1	110,986	123,883
Premium deficiency reserve	7.1	5,845	6,700
Other technical reserves	7.1	10,080	7,892
Employees benefit obligations		4,879	7,895
Surplus distribution payable		15,409	15,409
Provision for zakat		30,629	27,629
Accrued commission income payable to SAMA	9	4,471	3,887
<u>TOTAL LIABILITIES</u>		723,249	518,057
<u>SHAREHOLDERS' EQUITY</u>			
Share capital	15	100,000	250,000
Statutory reserve	15	-	5,003
Accumulated losses		(67,598)	(158,767)
<u>TOTAL SHAREHOLDERS' EQUITY</u>		32,402	96,236
Re-measurement reserve of employees benefit obligations – related to insurance operations		248	248
<u>TOTAL EQUITY</u>		32,650	96,484
<u>TOTAL LIABILITIES AND EQUITY</u>		755,899	614,541
COMMITMENTS AND CONTINGENCIES	10	10,200	10,200
<div style="display: flex; justify-content: space-between; align-items: flex-end;"> <div style="text-align: center;">  Chief Executive Officer </div> <div style="text-align: center;">  Chief Financial Officer </div> <div style="text-align: center;">  Chairman </div> </div>			

The accompanying notes from 1 – 22 form an integral part of these interim condensed financial statements

SALAMA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)

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

	<i>Three month period ended 30 September</i>		<i>Nine month period ended 30 September</i>	
	2022	2021	2022	2021
	(Unaudited)	Restated (Unaudited)	(Unaudited)	Restated (Unaudited)
	SR'000	SR'000	SR'000	SR'000
<u>REVENUES</u>				
Gross premiums written	242,372	125,322	582,201	360,617
Reinsurance premiums ceded				
- Local	(457)	(4,260)	(947)	(6,443)
- Foreign	(24,215)	(10,350)	(57,649)	(33,865)
	(24,672)	(14,610)	(58,596)	(40,308)
Excess of loss expenses				
- Local	(44)	(1,351)	(208)	(2,499)
- Foreign	(1,591)	(552)	(5,105)	(1,344)
	(1,635)	(1,903)	(5,313)	(3,843)
Net premiums written	216,065	108,809	518,292	316,466
Changes in unearned premiums – net	(77,213)	(7,854)	(161,853)	(16,105)
Net premiums earned	138,852	100,955	356,439	300,361
Reinsurance commissions	2,301	2,176	6,982	6,215
Other underwriting income	6,856	367	8,457	397
<u>TOTAL REVENUES</u>	148,009	103,498	371,878	306,973
<u>UNDERWRITING COSTS AND EXPENSES</u>				
Gross claims paid	151,168	113,708	358,069	282,858
Reinsurers' share of claims paid	(12,902)	(10,125)	(32,679)	(28,531)
Net claims paid	138,266	103,583	325,390	254,327
Changes in outstanding claims – net	(19,565)	(2,135)	(3,825)	(7,568)
Changes in claims incurred but not reported – net	(11,347)	4,266	(11,009)	(5,551)
Net claims incurred	107,354	105,714	310,556	241,208
Change in premium deficiency reserve	(9,886)	-	(855)	-
Change in other technical reserves	(1,118)	1,190	2,188	3,790
Policy acquisition costs	8,903	5,397	21,964	16,077
Other underwriting expenses	18,489	13,522	50,874	34,716
<u>TOTAL UNDERWRITING COSTS AND EXPENSES</u>	123,742	125,823	384,727	295,791
NET UNDERWRITING INCOME / (LOSS)	24,267	(22,325)	(12,849)	11,182


Chief Executive Officer


Chief Financial Officer

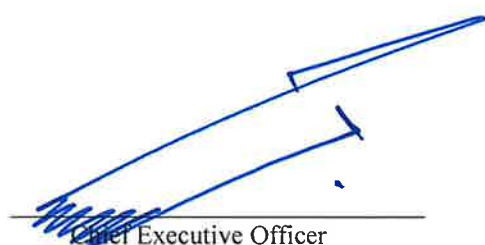

Chairman

The accompanying notes from 1 – 22 form an integral part of these interim condensed financial statements

SALAMA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)

INTERIM CONDENSED STATEMENT OF INCOME - UNAUDITED (continued)
FOR THE THREE MONTH AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2022

		<i>Three month period ended 30 September</i>		<i>Nine month period ended 30 September</i>	
		2021		2021	
		Restated		Restated	
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<i>Notes</i>		SR'000	SR'000	SR'000	SR'000
<u>OTHER OPERATING (EXPENSES) / INCOME</u>					
Allowance for doubtful debts	5	(692)	(1,094)	(4,629)	(2,266)
General and administrative expenses		(20,199)	(20,162)	(57,567)	(61,451)
Realized gain on investments	6(a)	710	-	6,566	1,061
Commission from held to maturity investments		350	-	1,350	-
Investment income		2,723	2,726	7,414	4,814
Amortization of held to maturity investments		-	-	-	335
Unrealized (loss) / gain on investments	6(a)	(1,096)	2,752	(1,122)	8,289
Other income		-	9	3	86
<u>TOTAL OTHER OPERATING EXPENSES</u>		(18,204)	(15,769)	(47,985)	(49,132)
Income / (loss) before surplus and zakat		6,063	(38,094)	(60,834)	(37,950)
Income attributed to the insurance operations		-	-	-	-
Income / (loss) for the period attributable to the shareholders before zakat		6,063	(38,094)	(60,834)	(37,950)
Zakat	14	-	-	(3,000)	(3,000)
Net income / (loss) for the period – attributable to the shareholders		6,063	(38,094)	(63,834)	(40,950)
Weighted average number of ordinary shares outstanding (in thousands of shares)		10,000	10,000	10,000	10,000
Basic and diluted earnings / (loss) per share (SR/Share) – restated – 2021		0.61	(3.81)	(6.38)	(4.10)
16					


Chief Executive Officer


Chief Financial Officer


Chairman


The accompanying notes from 1 – 22 form an integral part of these interim condensed financial statements

SALAMA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)

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

	<i>Three month period ended 30 September</i>		<i>Nine month period ended 30 September</i>	
	2022	2021 Restated	2022	2021 Restated
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	SR'000	SR'000	SR'000	SR'000
NET INCOME / (LOSS) FOR THE PERIOD ATTRIBUTABLE TO THE SHAREHOLDERS	6,063	(38,094)	(63,834)	(40,950)
Other comprehensive income / (loss):				
<i>Items that will not be reclassified to statements of income in subsequent years</i>				
Re-measurement gain / (loss) on employees benefit obligations – related to insurance operations	-	-	-	-
Total comprehensive income / (loss) for the period	6,063	(38,094)	(63,834)	(40,950)


Chief Executive Officer


Chief Financial Officer


Chairman

The accompanying notes from 1 – 22 form an integral part of these interim condensed financial statements

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2022

The accompanying notes from 1 – 22 form an integral part of these interim condensed financial statements

SALAMA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)

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

	<i>Nine month period ended</i> 30 September	
	2022	2021
	(Unaudited)	Restated
	SR'000	SR'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period before zakat	(60,834)	(37,950)
<u><i>Adjustments for non-cash items:</i></u>		
Depreciation of property and equipment	2,098	2,756
Amortization of intangible assets	169	2,720
Depreciation of right-of-use assets	2,127	2,726
Finance cost on lease liabilities	723	842
Amortization of held to maturity investments	-	-
Allowance for doubtful debts	4,629	2,266
Unrealized loss / (gain) on investments at fair value through statement of income	1,122	(8,289)
Realized gain on investments at fair value through statement of income	(6,566)	(1,200)
Employees benefit obligations	(1,241)	-
	(57,773)	(36,129)
<u><i>Changes in operating assets and liabilities:</i></u>		
Premiums and reinsurers' receivable	(28,966)	(39,573)
Reinsurers' share of unearned premiums	(15,146)	(3,253)
Reinsurers' share of outstanding claims	(14,652)	5,841
Reinsurers' share of claims Incurred but not reported	1,887	(1,056)
Deferred policy acquisition costs	(15,323)	(7,619)
Prepaid expenses and other assets	(8,742)	13,707
Accrued commission from statutory deposit	(584)	(149)
Policyholders and claims payable	3,166	(2,120)
Accrued expense and other liabilities	19,161	11,955
Reinsurers' balances payable	8,882	(1,837)
Unearned premiums	176,999	19,358
Unearned reinsurance commission	119	675
Outstanding claims	10,827	(13,409)
Claims incurred but not reported	(12,897)	(4,496)
Premium deficiency reserves	(854)	-
Other technical reserves	2,188	3,790
Accrued commission income payable to SAMA	584	149
	68,876	(54,166)
Zakat paid	-	(7,288)
Employees benefit obligations paid	(1,775)	(980)
Net cash flows generated from / (used in) operating activities	67,101	(62,434)


Chief Executive Officer


Chief Financial Officer

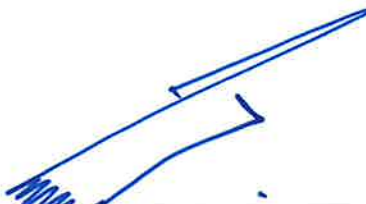

Chairman

The accompanying notes from 1 – 22 form an integral part of these interim condensed financial statements


SALAMA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)

INTERIM CONDENSED STATEMENT OF CASH FLOWS – UNAUDITED – (continued)
FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2022

	<i>Nine month period ended 30 September</i>	
	2022	2021
	(Unaudited)	Restated (Unaudited)
	SR'000	SR'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(37,962)	(4,499)
Proceeds from sale of investments	115,945	33,515
Placement of term deposits	(415,461)	(200,000)
Proceeds from maturity of term deposit	344,190	250,428
Purchase of held to maturity investments	-	(50,000)
Proceeds from held to maturity investments	4,983	-
Purchase of right-of-use assets	(231)	-
Purchase of property and equipment	(3,434)	(414)
Purchase of intangible assets	(852)	(4,050)
Net cash flows generated from investing activities	7,178	24,980
CASH FLOW FROM FINANCING ACTIVITIES		
Payment of lease liabilities	(3,690)	(417)
Net cash flows used in financing activities	(3,690)	(417)
Net change in cash and cash equivalents	70,589	(37,871)
Cash and cash equivalents, beginning of the period	124,016	159,246
Cash and cash equivalents, end of the period	194,605	121,375



Chief Executive Officer



Chief Financial Officer



Chairman

The accompanying notes from 1 – 22 form an integral part of these interim condensed financial statements

SALAMA COOPERATIVE INSURANCE COMPANY
(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. GENERAL

Salama Cooperative Insurance Company (“the Company”) is a Saudi Joint Stock Company incorporated in the Kingdom of Saudi Arabia as per the Ministry of Commerce and Industry’s Resolution number 1121K dated 29 Rabi Al-Thani 1428H (corresponding to 16 May 2007). The Company is registered in Jeddah under Commercial Registration No. 4030169661 dated 6 Jamad Al-Awwal 1428H (corresponding to 23 May 2007).

The registered office address of the Company is:

Salama Tower;
Al Madinah Road
P.O. Box 4020;
Jeddah 21491;
Kingdom of Saudi Arabia.

The objective of the Company is to transact cooperative insurance operations and related activities in the Kingdom of Saudi Arabia. The Company was listed on the Saudi Stock Exchange on 23 May 2007. The Company started its operations on 1 January 2008. The Company is fully owned by the general public and Saudi shareholders.

2. BASIS OF PREPARATION

a. Basis of presentation

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

The interim condensed financial statements are prepared under the going concern basis of accounting and the historical cost convention, except for the measurement of investments (excluding held-to-maturity) at their fair values, and employees benefit obligations which are assessed using projected unit credit method.

The Company’s interim condensed statement of financial position is presented in order of liquidity. Except for property and equipment, right of use asset, intangible asset, statutory deposit, employee benefit obligations, lease liabilities, outstanding claims, claims incurred but not reported, other technical reserves, all other assets and liabilities are of short-term nature, unless, stated otherwise.

As required by the Saudi Arabian Insurance Regulations (“the Implementation Regulations”), the Company maintains separate books of accounts for “Insurance Operations” and “Shareholders’ Operations”. Accordingly, assets, liabilities, revenues and expenses clearly attributable to either operation, are recorded in the respective accounts (Refer note 19).

The interim condensed financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the annual financial statements as of and for the year ended 31 December 2021.

The interim condensed financial statements may not be considered indicative of the expected results for the full year.

These interim condensed financial statements are expressed in Saudi Arabian Riyals (SR) and are rounded off to the nearest thousands.

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. Critical accounting judgments, estimates and assumptions

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

In preparing these interim condensed financial statements, the significant judgments made by management in applying the Company's accounting policies, and the key sources of estimation uncertainty including the risk management policies, were the same as those that applied to the annual financial statements as at and for the year ended 31 December 2021. However, the Company has reviewed the key sources of estimation uncertainties disclosed in the last annual financial statements against the backdrop of the COVID-19 pandemic. Management is unable at this time to reasonably quantify the estimation uncertainties as disclosed in note 19 to these interim condensed financial statements. Management will continue to assess the situation, and reflect any required changes in future reporting periods.

c. Seasonality of operations

There are no seasonal changes that may affect insurance operations of the Company.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used in the preparation of these condensed interim financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2021. Based on the adoption of amendments to existing standards and in consideration of the current economic environment, the following accounting policies are applicable effective 1 January 2022, replacing, amending, or adding to the corresponding accounting policies set out in the 2021 annual financial statements.

a) New IFRS Standards, IFRIC interpretations and amendments thereof, adopted by the Company

The following is a brief on the other new IFRS and amendments to IFRS, effective for annual periods beginning on or after 1 January 2022. The Company has opted not to early adopt these pronouncements and they do not have a significant impact on the financial statements of the Company.

Standard, interpretation, amendments	Description	Effective date
Amendment to IFRS 16, 'Leases' – Covid-19 related rent concessions Extension of the practical expedient	As a result of the coronavirus (COVID-19) pandemic, rent concessions may have been granted to lessees. In May 2020, the IASB published an amendment to IFRS 16 that provided an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification.	Annual periods beginning on or after 1 April 2021.
A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 37 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16	<p>Amendments to IFRS 3, 'Business combinations' update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.</p> <p>Amendments to IAS 16, 'Property, plant and equipment' prohibit a Company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the Company is preparing the asset for its intended use. Instead, a Company will recognize such sales proceeds and related costs in the statement of income.</p> <p>Amendments to IAS 37, 'Provisions, contingent liabilities and contingent assets' specify which costs a Company includes when assessing whether a contract will be loss-making.</p> <p>Annual improvements make minor amendments to IFRS 1, 'First-time Adoption of IFRS', IAS 41, 'Agriculture' and the Examples accompanying IFRS 16, 'Leases'.</p>	Annual periods beginning on or after 1 January 2022.

SALAMA COOPERATIVE INSURANCE COMPANY
(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

3. SIGNIFICANT ACCOUNTING POLICIES – (continued)

b) Standards issued but not yet effective

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

Standard, interpretation, amendments	Description	Effective date
Amendments to IAS 1, 'Presentation of financial statements', on classification of liabilities	These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or noncurrent, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.	Deferred until accounting periods starting not earlier than 1 January 2024
Narrow scope amendments to IAS 1, IFRS Practice Statement 2 and IAS 8	The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.	Annual periods beginning on or after 1 January 2023
Amendment to IAS 12 - deferred tax related to assets and liabilities arising from a single transaction	These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.	Annual periods beginning on or after 1 January 2023
IFRS 17	Insurance Contracts	See note below
IFRS 9	Financial Instruments	See note below

IFRS 17 – Insurance Contracts

Overview

This standard has been published in 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

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

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS – (continued)
FOR THE THREE MONTH AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2022

3. SIGNIFICANT ACCOUNTING POLICIES – (continued)

b) Standards issued but not yet effective – (continued)

Measurement

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

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

- a) the fulfilment cash flows (FCF), which comprise:
 - 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, in addition to the adjustment under GMM, the CSM is also adjusted for:

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

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

Effective date

The IASB issued an Exposure Draft Amendments to IFRS 17 proposing certain amendments to IFRS 17 during June 2019 and received comments from various stakeholders. On 17 March 2020, the IASB completed its discussions on the amendments to IFRS 17 - Insurance Contracts that were proposed for public consultation in June 2019. It decided that the effective date of the Standard will be deferred to annual reporting periods beginning on or after 1 January 2023. The IASB expects to issue the amendments to IFRS 17 during 2020. 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 the standard on its effective date.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS – (continued)
FOR THE THREE MONTH AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2022

3. SIGNIFICANT ACCOUNTING POLICIES – (continued)

b. Standards issued but not yet effective – (continued)

IFRS 17 – Insurance Contracts – (continued)

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 has completed the design phase of IFRS 17 implementation in which Company has designed and developed 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 made so far by the Company:

Impact Area	Summary of impact
Financial Impact	During the financial impact exercised carried out as part of phase 2 of IFRS 17 Implementation, the Company has assessed the financial impact of the application and implementation of IFRS 17 and concluded that impact on adoption of IFRS 17 is immaterial as all of the portfolio are eligible for PAA measurement model.
Data Impact	IFRS 17 has additional data requirements. During the phase 2, Company has carried out a detailed benchmarking exercise and identified the data required for IFRS 17 and come up with a data dictionary required under phase 3.
IT Systems	The Company is already in the process of implementing a new upgraded IT solution (Iris) which will facilitate the implementation of IFRS 17.
Impact on RI Arrangements	Detailed assessment has also been performed on the Company's reinsurance arrangements and concluded that all RI arrangements are eligible for PAA, Company has opted to apply PAA for eligible products.
Impact on Policies & Control Frameworks	<p>The Company has updated the Accounting Policies and in the process of updating the Procedures to cover the following new and additional requirements:</p> <ul style="list-style-type: none"> • Unbundling • Level of aggregation • Measurement models • Risk Adjustment Methodologies • New presentation and disclosure requirements <p>The revised manual to be followed by Finance function to ensure that financial statements are in conformity with International Financial Reporting Standards 17 (IFRS 17) on effective date.</p>
Human resources	The Company has recruited suitably qualified personnel who have a comprehensive understanding of IFRS 17 and also provide trainings to the existing employees.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS – (continued)
FOR THE THREE MONTH AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2022

3. SIGNIFICANT ACCOUNTING POLICIES – (continued)

b. Standards issued but not yet effective – (continued)

IFRS 17 – Insurance Contracts – (continued)

Impact

Following are the main areas under design phase and status of the progress made so far by the Company:

Major areas of design phase	Summary of impact
Governance and control	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 has designed operational aspects of the design phase which includes establishing comprehensive data policy and data dictionary. Also the Company has finalized architectural designs for various sub-systems. The Company has progressed through assessment of business requirements and is in the process of implementing IFRS 17 solution.
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.
IT Systems	The Company is already in the process of implementing a new upgraded IT system which will facilitate the implementation of IFRS 17.
Assurance plan	The Company is working along with other stakeholders to finalize the assurance plan for transitional and post-implementation periods.

After the design phase, where all the methodologies and policy decisions has been documented and concluded by the Company in last year, the Company has started its journey towards executing the fourth phase, i.e., Implementation and Dry Runs and has started the implementation of the IFRS 17 solution, to come up with IFRS 17 numbers by performing the dry runs, on a timely basis. The Company was required to prepare the complete set of financial statement under IFRS 17 based on FY 2020 data and FY 2021 data and provide comparison between IFRS 17 and IFRS 4 for the first and second dry run, which was due on 30th November 2021 and 31st May 2022 respectively. The Company has successfully submitted the results as for both 1st and 2nd dry runs.

Company is also required to produce one more Dry Run based on 30 June 2022 data in 2022 which are due by 15 November 2022.

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:

Classification and measurement

IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost, at fair value through other comprehensive income or at 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 are 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.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS – (continued)
FOR THE THREE MONTH AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2022

3. SIGNIFICANT ACCOUNTING POLICIES – (continued)

b. Standards issued but not yet effective – (continued)

IFRS 9 – Financial Instruments – (continued)

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

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

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

Impairment

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

Hedge accounting

IFRS 9 introduces new requirements for hedge accounting that align hedge accounting more closely with Risk Management. The requirements establish a more principles-based approach to the general hedge accounting model.

The amendments apply to all hedge accounting with the exception of portfolio fair value hedges of interest rate risk (commonly referred to as "fair value macro hedges"). For these, an entity may continue to apply the hedge accounting requirements currently in IAS 39. This exception was granted largely because the IASB is addressing macro hedge accounting as a separate project.

Effective date

The published effective date of IFRS 9 was 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
2. annual reporting periods beginning on or after 1 January 2023. 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 predominantly connected with insurance and have not applied IFRS 9 previously; or,
3. adopt IFRS 9 but, for designated financial assets, remove from profit or loss the effects of some of the accounting mismatches that may occur before the new insurance contract standard is implemented. During the interim period, additional disclosures are required.

The Company has performed a detailed assessment beginning of 1 January 2020 which included below:

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

3. SIGNIFICANT ACCOUNTING POLICIES – (continued)

b. Standards issued but not yet effective – (continued)

IFRS 9 – Financial Instruments – (continued)

Impact assessment

As at 30 September 2022, the Company has total financial assets and insurance related assets amounting to SR 453.81 million and SR 166.32 million, respectively. Financial assets mainly represent:

- Cash and cash equivalents amounting to SR 194.61 million (2021: SR124.02 million)
- Held to maturity investments, amounting to SR 60,000 million (2021: SR 64.99 million)
- Term deposits amounting to SR 168.27 million (2021: SR 97,000 million).
- FVSI investments amounting to SR 29.01 million (2021: SR 101.55 million).
- Available for sale investments amounting to SR 1,923 million (2021: SR 1,923 million).
- Other financial and insurance related assets amounting to SR 166.32 million (2021: SR 114.07 million).

The Company has completed the gap analysis in relation to this standard and has started its journey towards executing the second phase, i.e., Implementation and Dry Runs. The Company, however, does not expect IFRS 9 to have a material impact on the classification and measurement of financial assets.

The Company is required to prepare balance sheet and income statement under IFRS 9 based on 31 December 2021 and 30 June 2022 data and provide comparison between IFRS 9 and IAS 39 under the first and second dry runs, which are due on 31 May 2022 and 29 September 2022.

The Company has successfully submitted the results for 1st dry run and is required to 2nd Dry Run based on 30 June 2022 data in 2022 which are due by 15 November 2022.

c. *Going Concern*

During the period ended, the Company has incurred losses amounting to SR 63.83 million (30 September 2021: SR 40.95 million) that resulted in an increase of accumulated losses and reached to SR 67.60 million being 67.60% (31 December 2021: SR 158.77 being 63.51%) of its Capital. The Solvency margin of the Company as at 30 September 2022 is -8.07% (31 December 2021: 73.52%) which is below the minimum requirement of the Insurance implementation regulations. Under Article 68(b) of the Implementing regulations for the Insurance Company, the Company shall restore, in a period not exceeding the next financial quarter, its solvency margin when it falls between the ranges of 50% to 75% of the required solvency margin.

These events and conditions, indicate that a material uncertainty exists that may cast a significant doubt on the Company's ability to continue as a going concern and therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business.

On 17 March 2022, the Board of Directors recommended capital restructuring in line with Article 150 of the new Companies Law to cover the accumulated losses. The Board of Directors recommended to decrease the accumulated losses by netting-off with the share capital of SR 150 million and utilize the entire balance of SR 5 million from the statutory reserve. The Company have obtained approval from the related regulatory authorities in this regard.

The management of the Company has prepared a business plan which is approved by the Board of Directors and has undertaken strategic initiatives that will ensure healthy market penetration and retention levels while remaining in compliance with applicable regulatory requirements.

On 16 August 2022, the shareholders of the Company in an extra-ordinary general meeting approved the decrease in accumulated losses by netting-off with the share capital of SR 150 million and utilize the entire balance of SR 5 million from the statutory reserve. Furthermore, on 16 August 2022, the Board of Directors recommended an increase in share capital through offering a right issue with a total value of SR 200 million. The recommended increase is subject to approvals of regulatory authorities in addition to the Extraordinary General Assembly approval.

The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that it has the resources to continue its business for the foreseeable future. Therefore, the interim condensed financial statements continue to be prepared on the going concern basis.

SALAMA COOPERATIVE INSURANCE COMPANY
(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

4. CASH AND CASH EQUIVALENTS AND TERM DEPOSITS

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

	Insurance operations	
	30 September 2022 (Unaudited) SR'000	31 December 2021 (Audited) SR'000
Bank balances and cash	194,574	123,527
	Shareholders' operations	
	30 September 2022 (Unaudited) SR'000	31 December 2021 (Audited) SR'000
Bank balances	31	489
Total	194,605	124,016

b) Term deposits

	Insurance operations	
	30 September 2022 (Unaudited) SR'000	31 December 2021 (Audited) SR'000
Term deposits	168,271	97,000

The term deposits are held with the commercial banks and earn commission at market rates. These term deposits are denominated in Saudi Arabian Riyals and have an original maturity of more than three-months and less than twelve-months. As at 30 September 2022, the deposit carrying commission rates ranging from 0.95% to 4.77% (2021: from 0.95% to 4.2%).

5. PREMIUMS AND REINSURERS' RECEIVABLE – NET

Receivables comprise amounts due from the following:

	30 September 2022 (Unaudited) SR'000	31 December 2021 (Audited) SR'000
Policyholders	122,563	92,983
Receivables from reinsurers	5,459	6,073
	128,022	99,056
Allowances for doubtful receivables	(49,013)	(44,384)
Premiums and reinsurers' receivable – net	79,009	54,672

Movement in allowances for doubtful receivables during the period / year was as follows:

	30 September 2022 (Unaudited) SR'000	31 December 2021 (Audited) SR'000
Balance at the beginning of the period / year	44,384	37,368
Provision for the period / year	4,629	7,016
Balance at the end of the period / year	49,013	44,384

SALAMA COOPERATIVE INSURANCE COMPANY
(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

6. INVESTMENTS

Investments are classified as follows:

	Insurance operations	
	30 September 2022 (Unaudited) SR'000	31 December 2021 (Audited) SR'000
- Held as FVSI (6a)	5,049	42,600
- Held to maturity (6c)	10,000	10,000
<i>Total – Insurance operations</i>	15,049	52,600
	Shareholders' operations	
	30 September 2022 (Unaudited) SR'000	31 December 2021 (Audited) SR'000
- Held as FVSI (6a)	23,959	58,947
- Available for sale (6b)	1,923	1,923
- Held to maturity (6c)	50,000	54,983
<i>Total – Shareholders' operations</i>	75,882	115,853
<i>Total</i>	90,931	168,453

a) FVSI

Movement in FVSI investment balance is as follows:

	Insurance operations	
	30 September 2022 (Unaudited) SR'000	31 December 2021 (Audited) SR'000
Opening balance	42,600	103,021
Purchases during the period / year	37,504	2,998
Disposals during the period / year	(79,594)	(62,896)
Realized gain / (loss) during the period / year	4,581	(1,170)
Changes in fair value	(42)	647
Closing balance	5,049	42,600
	Source of Fair Value	30 September 2022 (Unaudited) SR'000
Investment in equity securities	Quoted	-
Local DPM*money market securities	NAV**	5,049
		5,049

SALAMA COOPERATIVE INSURANCE COMPANY
(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

6. INVESTMENTS – (continued)

a) FVSI – (continued)

		Shareholders' operations	
		30 September 2022 (Unaudited) SR'000	31 December 2021 (Audited) SR'000
Opening balance		58,947	48,947
Purchased during the period / year		458	5,840
Disposals during the period / year		(36,351)	(5,311)
Realized gain / (loss) during the period / year		1,985	(5)
Changes in fair value		(1,080)	9,476
Closing balance		23,959	58,947
		30 September 2022 (Unaudited) SR'000	31 December 2021 (Audited) SR'000
	Source of Fair Value		
Units in local real estate funds	NAV**	8,254	9,394
Local DPM* money market securities	NAV**	15,705	15,705
Local DPM* equity securities	Quoted	-	33,848
Total		23,959	58,947

* Managed at the discretion of a local regulated financial institution ("DPM").

** NAV: Net Asset Value as announced by asset manager.

b) Available for sale investments

Movement in available-for-sale investment balance is as follows:

		Shareholders' operations	
		30 September 2022 (Unaudited) SR'000	31 December 2021 (Audited) SR'000
Opening balance		1,923	1,923
Closing balance		1,923	1,923

- (i) Unquoted available for sale investment, having a carrying value of SR 1,923 thousand (31 December 2021: SR 1,923 thousand) are measured at cost as its fair value cannot be reliably measured due to the absence of active market and unavailability of observable market prices for similar instruments.

SALAMA COOPERATIVE INSURANCE COMPANY
(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

6. INVESTMENTS – (continued)

c) Held to maturity

Movement in held to maturity investment balance is as follows:

		Insurance operations	
		30 September 2022 (Unaudited) SR'000	31 December 2021 (Audited) SR'000
Opening balance		10,000	10,000
Closing balance		10,000	10,000
		Shareholders' operations	
		30 September 2022 (Unaudited) SR'000	31 December 2021 (Audited) SR'000
Opening balance		54,983	4,983
Purchased during the period / year		-	50,000
Disposals during the period / year		(4,983)	-
Closing balance		50,000	54,983

SALAMA COOPERATIVE INSURANCE COMPANY
(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

7. TECHNICAL RESERVES

7.1 Net outstanding claims and reserves

Net outstanding claims and reserves comprise of the following:

	30 September 2022 (Unaudited) SR'000	31 December 2021 (Audited) SR'000
Gross outstanding claims	72,468	57,225
Less: Realizable value of salvage and subrogation	(38,782)	(34,366)
Net outstanding claims	33,686	22,859
Claims incurred but not reported	110,986	123,883
Premium deficiency reserve	5,845	6,700
Other technical reserves	10,080	7,892
	160,597	161,334
Less:		
- Reinsurers' share of outstanding claims	(34,627)	(19,975)
- Reinsurers' share of claims incurred but not reported	(11,979)	(13,866)
	(46,606)	(33,841)
Net outstanding claims and reserves	113,991	127,493

7.2 Movement in unearned premiums

Movement in unearned premiums comprise of the following:

	Nine month ended 30 September 2022 (Unaudited)		
	Gross	Reinsurance	Net
	SR'000		
Balance as at the beginning of the period	228,830	(25,555)	203,275
Premium written / (ceded) during the period	582,201	(63,909)	518,292
Premium earned during the period	(405,202)	48,763	(356,439)
Balance as at the end of the period	405,829	(40,701)	365,128
	Year ended 31 December 2021 (Audited)		
	Gross	Reinsurance	Net
	SR'000		
Balance as at the beginning of the year	218,302	(23,270)	195,032
Premium written / (ceded) during the year	467,531	(59,949)	407,582
Premium earned during the year	(457,003)	57,664	(399,339)
Balance as at the end of the year	228,830	(25,555)	203,275

SALAMA COOPERATIVE INSURANCE COMPANY
(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

8. PREPAID EXPENSES AND OTHER ASSETS

	30 September 2022 (Unaudited) SR'000	31 December 2021 (Audited) SR'000
Insurance operations		
Prepayments	2,772	1,504
Advances to staff	836	2,619
Deposits	300	300
Accrued commission	684	444
Other receivables	23,228	13,914
	<u>27,820</u>	<u>18,781</u>
Shareholders' operations		
Other receivables	76	373
Total	<u>27,896</u>	<u>19,154</u>

9. STATUTORY DEPOSIT

	30 September 2022 (Unaudited) SR'000	31 December 2021 (Audited) SR'000
Statutory deposit	<u>37,500</u>	<u>37,500</u>

As required by Saudi Arabian Insurance Regulations, the Company has deposited an amount equivalent to 15% of its paid-up capital amount of SR 37.5 million (2021: SR 37.5 million) in a bank designated by the Saudi Central Bank ("SAMA"). Accrued income on this deposit is payable to SAMA amounting to SR 4.47 million (2021: SR 3.88 million) and this deposit cannot be withdrawn without approval from SAMA.

During the three-month period ended 30 September 2022, the Company has reduced its share capital by SAR 150 million but has not withdrawn the surplus statutory deposit of SAR 22.5 million as of 30 September 2022.

10. COMMITMENTS AND CONTINGENCIES

a. The Company's commitments and contingencies are as follows:

	30 September 2022 (Unaudited) SR'000	31 December 2021 (Audited) SR'000
Letters of guarantee in favour of non-government customers	700	700
Letters of guarantee in favour of ZATCA	9,500	9,500
	<u>10,200</u>	<u>10,200</u>

- b. The Company enters into insurance contracts and is subject to legal proceedings in the normal course of business. While it is not practicable to forecast or determine the final results of all the pending and threatened legal proceedings, management does not believe that any such proceedings (including litigation) that are in progress at reporting date will have a material effect on its results and financial position, however management has made provisions to cover any eventualities.
- c. The Company's bankers have given guarantees to non-government customers amounting to SR 0.7 million (2021: SR 0.7 million) in respect of motor insurance and to Zakat, Tax and Customs Authority amounting to SR 9.5 million (2021: SR 9.5 million) in respect of zakat assessments for years 2008 to 2012. During 2021, the Company have settled the liability from 2008 to 2012 and requested ZATCA to release the bank guarantee amounting to SR 9.5 million.

SALAMA COOPERATIVE INSURANCE COMPANY
(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

11. FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction takes place either:

- in the accessible principal market for the asset or liability, or
- in the absence of a principal market, in the most advantages accessible market for the asset or liability.

The fair values of on-balance sheet financial instruments are not significantly different from their carrying amounts included in the interim condensed financial information.

Determination of fair value and fair value hierarchy

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

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

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

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

a. Carrying amounts and fair value

The following table shows the carrying amount and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets not measured at fair value if the carrying amount is a reasonably approximate to fair value.

Insurance Operations	Fair value			
	Level 1	Level 2	Level 3	Total
	SR'000			
30 September 2022 (Unaudited)				
Financial assets measured at fair value				
- Investments held as FVSI	-	-	5,049	5,049
	-	-	5,049	5,049
31 December 2021 (Audited)				
Financial assets measured at fair value				
- Investments held as FVSI	32,384	-	10,216	42,600
	32,384	-	10,216	42,600
Shareholders' Operations	Fair value			
	Level 1	Level 2	Level 3	Total
	SR'000			
30 September 2022 (Unaudited)				
Financial assets measured at fair value				
- Investments held as FVSI	-	-	23,959	23,959
	-	-	23,959	23,959
31 December 2021 (Audited)				
Financial assets measured at fair value				
- Investments held as FVSI	33,848	-	25,099	58,947
	33,848	-	25,099	58,947

SALAMA COOPERATIVE INSURANCE COMPANY
(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

12. OPERATING SEGMENTS

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.

There have been no changes to the basis of segmentation or the measurement basis for the segment profit or loss since 31 December 2021.

Segment assets do not include cash and cash equivalents, short term deposits, premiums and reinsurers' receivable, net, prepayments and other receivables, amount due from a related party, investments, furniture, fittings and office equipment. Accordingly, they are included in unallocated assets. Segment liabilities do not include policyholders' claims, reinsurance payables, accruals and other payables and employees' end of service indemnities. Accordingly, they are included in unallocated liabilities.

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 three-month and nine-month periods then ended, are as follows:

SALAMA COOPERATIVE INSURANCE COMPANY
(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

12. OPERATING SEGMENTS – (continued)

As at 30 September 2022 (Unaudited)						
	Insurance operations				Shareholders' operations	Total
	Medical	Motor	Others	Insurance operations		
	SR'000					
Assets						
Reinsurers' share of unearned premiums	-	32,633	8,068	40,701	-	40,701
Reinsurers' share of outstanding claims	-	(1,473)	36,100	34,627	-	34,627
Reinsurers' share of claims incurred but not reported	786	10,511	682	11,979	-	11,979
Deferred policy acquisition costs	8,453	32,471	2,106	43,030	-	43,030
Unallocated assets				507,602	117,960	625,562
Total assets				637,939	117,960	755,899
Liabilities						
Unearned premiums	64,322	326,338	15,169	405,829	-	405,829
Unearned reinsurance commission	-	2,423	2,047	4,470	-	4,470
Outstanding claims	9,124	(14,339)	38,901	33,686	-	33,686
Claims incurred but not reported	6,578	103,154	1,254	110,986	-	110,986
Premium deficiency reserve	-	5,845	-	5,845	-	5,845
Other technical reserves	3,347	5,604	1,129	10,080	-	10,080
Unallocated liabilities and surplus				117,253	35,100	152,353
Total liabilities				688,149	35,100	723,249
Shareholders' equity						
Share capital				-	100,000	100,000
Statutory reserve				-	-	-
Accumulated losses				-	(67,598)	(67,598)
Total Shareholders' equity				-	32,402	32,402
Re-measurement reserve of employees benefit obligations – related to insurance operations				248	-	248
Total equity				248	32,402	32,650
Total liabilities and equity				688,397	67,502	755,899

SALAMA COOPERATIVE INSURANCE COMPANY
(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

12. OPERATING SEGMENTS – (continued)

As at 31 December 2021

(Audited)

	Insurance operations			Insurance operations	Shareholders' operations	Total
	Medical	Motor	Others			
	SR'000					
Assets						
Reinsurers' share of unearned premiums	-	16,829	8,726	25,555	-	25,555
Reinsurers' share of outstanding claims	-	(1,476)	21,451	19,975	-	19,975
Reinsurers' share of claims incurred but not reported	915	9,885	3,066	13,866	-	13,866
Deferred policy acquisition costs	4,547	20,700	2,460	27,707	-	27,707
Unallocated assets				369,336	158,102	527,438
Total assets				<u>456,439</u>	<u>158,102</u>	<u>614,541</u>
Liabilities						
Unearned premiums	41,948	168,303	18,579	228,830	-	228,830
Unearned reinsurance commission	-	1,960	2,391	4,351	-	4,351
Outstanding claims	7,627	(13,630)	28,862	22,859	-	22,859
Claims incurred but not reported	10,751	108,154	4,978	123,883	-	123,883
Premium deficiency reserve	-	5,892	808	6,700	-	6,700
Other technical reserves	794	5,524	1,574	7,892	-	7,892
Unallocated liabilities and surplus				92,026	31,516	123,542
Total liabilities				<u>486,541</u>	<u>31,516</u>	<u>518,057</u>
Shareholders' equity						
Share capital				-	250,000	250,000
Statutory reserve				-	5,003	5,003
Accumulated losses				-	(158,767)	(158,767)
Total Shareholders' equity				-	96,236	96,236
Re-measurement reserve of employees benefit obligations – related to insurance operations				248	-	248
Total equity				<u>248</u>	<u>96,236</u>	<u>96,484</u>
Total liabilities and equity				<u>486,789</u>	<u>127,752</u>	<u>614,541</u>

SALAMA COOPERATIVE INSURANCE COMPANY
(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

12. OPERATING SEGMENTS – (continued)

	For the three month period ended 30 September 2022 (Unaudited)			
	Medical	Motor	Others	Total
	SR'000			
<u>REVENUES</u>				
Individual	-	181,450	930	182,380
Large	2,726	2,811	2,579	8,116
Medium	1,382	6,632	1,584	9,598
Small	3,073	3,994	728	7,795
Very small	33,051	603	829	34,483
Gross premiums written	40,232	195,490	6,650	242,372
Reinsurance premiums ceded				
- Local	-	-	(457)	(457)
- Foreign	-	(19,506)	(4,709)	(24,215)
	-	(19,506)	(5,166)	(24,672)
Excess of loss expenses				
- Local	-	(44)	-	(44)
- Foreign	(345)	(844)	(402)	(1,591)
	(345)	(888)	(402)	(1,635)
Net premiums written	39,887	175,096	1,082	216,065
Changes in unearned premiums – net	(8,346)	(71,028)	2,161	(77,213)
Net premiums earned	31,541	104,068	3,243	138,852
Reinsurance commissions	-	1,198	1,103	2,301
Other underwriting income	3,342	-	3,514	6,856
<u>TOTAL REVENUES</u>	34,883	105,266	7,860	148,009
<u>UNDERWRITING COSTS AND EXPENSES</u>				
Gross claims paid	14,445	135,282	1,441	151,168
Reinsurers' share of claims paid	-	(12,895)	(7)	(12,902)
Net claims paid	14,445	122,387	1,434	138,266
Changes in outstanding claims – net	1,645	(14,484)	(6,726)	(19,565)
Changes in claims incurred but not reported – net	(3,070)	(7,862)	(415)	(11,347)
Net claims incurred	13,020	100,041	(5,707)	107,354
Changes in premium deficiency reserve	-	(8,772)	(1,114)	(9,886)
Changes in other technical reserves	245	(875)	(488)	(1,118)
Policy acquisition costs	2,468	5,342	1,093	8,903
Other underwriting expenses	2,536	15,819	134	18,489
<u>TOTAL UNDERWRITING COSTS AND EXPENSES</u>	18,269	111,555	(6,082)	123,742
NET UNDERWRITING INCOME / (LOSS)	16,614	(6,289)	13,942	24,267
<u>OTHER OPERATING (EXPENSES) / INCOME</u>				
Allowance for doubtful debts				(692)
General and administrative expenses				(20,199)
Realized gain on investments				710
Commission from held to maturity investments				350
Investment income				2,723
Unrealized loss on investments				(1,096)
Other income				-
<u>TOTAL OTHER OPERATING EXPENSES</u>				(18,204)
<u>INCOME BEFORE SURPLUS AND ZAKAT</u>				6,063
Zakat				-
<u>NET INCOME FOR THE PERIOD</u>				6,063
Net income for the period attributable to insurance operations				-
Net income for the period attributable to the shareholders'				6,063

SALAMA COOPERATIVE INSURANCE COMPANY
(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

12. OPERATING SEGMENTS – (continued)

	For the nine month period ended 30 September 2022 (Unaudited)			
	Medical	Motor	Others	Total
	SR'000			
<u>REVENUES</u>				
Individual	-	429,491	2,972	432,463
Large	9,316	5,995	7,086	22,397
Medium	3,715	15,171	3,574	22,460
Small	8,473	9,790	2,905	21,168
Very small	80,427	1,470	1,816	83,713
Gross premiums written	101,931	461,917	18,353	582,201
Reinsurance premiums ceded				
- Local	-	-	(947)	(947)
- Foreign	-	(46,093)	(11,556)	(57,649)
	-	(46,093)	(12,503)	(58,596)
Excess of loss expenses				
- Local	(102)	(106)	-	(208)
- Foreign	(1,993)	(2,006)	(1,106)	(5,105)
	(2,095)	(2,112)	(1,106)	(5,313)
Net premiums written	99,836	413,712	4,744	518,292
Changes in unearned premiums – net	(22,375)	(142,232)	2,754	(161,853)
Net premiums earned	77,461	271,480	7,498	356,439
Reinsurance commissions	-	3,363	3,619	6,982
Other underwriting income	3,902	-	4,555	8,457
<u>TOTAL REVENUES</u>	81,363	274,843	15,672	371,878
<u>UNDERWRITING COSTS AND EXPENSES</u>				
Gross claims paid	44,612	310,337	3,120	358,069
Reinsurers' share of claims paid	(1,424)	(30,410)	(845)	(32,679)
Net claims paid	43,188	279,927	2,275	325,390
Changes in outstanding claims – net	1,497	(714)	(4,608)	(3,825)
Changes in claims incurred but not reported – net	(4,043)	(5,626)	(1,340)	(11,009)
Net claims incurred	40,642	273,587	(3,673)	310,556
Changes in premium deficiency reserve	-	(46)	(809)	(855)
Changes in other technical reserves	2,089	28	71	2,188
Policy acquisition costs	5,862	13,148	2,954	21,964
Other underwriting expenses	6,169	44,442	263	50,874
<u>TOTAL UNDERWRITING COSTS AND EXPENSES</u>	54,762	331,159	(1,194)	384,727
NET UNDERWRITING INCOME / (LOSS)	26,601	(56,316)	16,866	(12,849)
<u>OTHER OPERATING (EXPENSES) / INCOME</u>				
Allowance for doubtful debts				(4,629)
General and administrative expenses				(57,567)
Realized gain on investments				6,566
Commission from held to maturity investments				1,350
Investment income				7,414
Unrealized loss on investments				(1,122)
Other income				3
<u>TOTAL OTHER OPERATING EXPENSES</u>				(47,985)
<u>LOSS BEFORE SURPLUS AND ZAKAT</u>				(60,834)
Zakat				(3,000)
<u>NET LOSS FOR THE PERIOD</u>				(63,834)
Net income for the period attributable to insurance operations				-
Net loss for the period attributable to the shareholders				(63,834)

SALAMA COOPERATIVE INSURANCE COMPANY
(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

12. OPERATING SEGMENTS – (continued)

For the three month period ended 30 September 2021 (Unaudited) (Restated)				
	Medical	Motor	Others	Total
	SR'000			
<u>REVENUES</u>				
Individual	-	82,342	671	83,013
Large	2,222	442	1,401	4,065
Medium	4,152	6,687	3,619	14,458
Small	1,998	2,671	1,835	6,504
Very small	16,994	-	288	17,282
Gross premiums written	25,366	92,142	7,814	125,322
Reinsurance premiums ceded				
- Local	-	-	(4,260)	(4,260)
- Foreign	-	(9,181)	(1,169)	(10,350)
	-	(9,181)	(5,429)	(14,610)
Excess of loss expenses				
- Local	(677)	(321)	(353)	(1,351)
- Foreign	(1,016)	464	-	(552)
	(1,693)	143	(353)	(1,903)
Net premiums written	23,673	83,104	2,032	108,809
Changes in unearned premiums – net	(3,632)	(4,509)	287	(7,854)
Net premiums earned	20,041	78,595	2,319	100,955
Reinsurance commissions	-	995	1,181	2,176
Other underwriting loss	9	394	(36)	367
<u>TOTAL REVENUES</u>	20,050	79,984	3,464	103,498
<u>UNDERWRITING COSTS AND EXPENSES</u>				
Gross claims paid	17,824	95,462	422	113,708
Reinsurers' share of claims paid	(866)	(9,126)	(133)	(10,125)
Net claims paid	16,958	86,336	289	103,583
Changes in outstanding claims – net	(46)	(1,977)	(112)	(2,135)
Changes in claims incurred but not reported – net	(1,249)	5,248	267	4,266
Net claims incurred	15,663	89,607	444	105,714
Changes in other technical reserves	963	207	20	1,190
Policy acquisition costs	1,469	3,116	812	5,397
Other underwriting expenses	1,787	11,679	56	13,522
<u>TOTAL UNDERWRITING COSTS AND EXPENSES</u>	19,882	104,609	1,332	125,823
NET UNDERWRITING INCOME / (LOSS)	168	(24,625)	2,132	(22,325)
<u>OTHER OPERATING (EXPENSES) / INCOME</u>				
Allowance for doubtful debts				(1,094)
General and administrative expenses				(20,162)
Investment income				2,726
Amortization of held to maturity investments				-
Unrealized gain on investments				2,752
Other income				9
<u>TOTAL OTHER OPERATING EXPENSES</u>				(15,769)
<u>LOSS BEFORE SURPLUS AND ZAKAT</u>				(38,094)
Zakat				-
<u>NET LOSS FOR THE PERIOD</u>				(38,094)
Net income for the period attributable to insurance operations				-
Net loss for the period attributable to the shareholders				(38,094)

SALAMA COOPERATIVE INSURANCE COMPANY
(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

12. OPERATING SEGMENTS – (continued)

	For the nine month period ended 30 September 2021 (Unaudited) (Restated)			
	Medical	Motor	Others	Total
	SR'000			
REVENUES				
Individual	-	249,362	3,191	252,553
Large	12,434	4,452	6,633	23,519
Medium	7,356	15,827	5,890	29,073
Small	6,522	6,115	4,422	17,059
Very small	35,612	1,106	1,695	38,413
Gross premiums written	61,924	276,862	21,831	360,617
Reinsurance premiums ceded				
- Local	-	-	(6,443)	(6,443)
- Foreign	-	(27,489)	(6,376)	(33,865)
	-	(27,489)	(12,819)	(40,308)
Excess of loss expenses				
- Local	(1,286)	(485)	(728)	(2,499)
- Foreign	(703)	(396)	(245)	(1,344)
	(1,989)	(881)	(973)	(3,843)
Net premiums written	59,935	248,492	8,039	316,466
Changes in unearned premiums – net	4,959	(18,760)	(2,304)	(16,105)
Net premiums earned	64,894	229,732	5,735	300,361
Reinsurance commissions	-	2,925	3,290	6,215
Other underwriting income	9	424	(36)	397
TOTAL REVENUES	64,903	233,081	8,989	306,973
UNDERWRITING COSTS AND EXPENSES				
Gross claims paid	52,469	228,569	1,820	282,858
Reinsurers' share of claims paid	(2,630)	(24,933)	(968)	(28,531)
Net claims paid	49,839	203,636	852	254,327
Changes in outstanding claims – net	(758)	(6,833)	23	(7,568)
Changes in claims incurred but not reported – net	(8,570)	2,397	622	(5,551)
Net claims incurred	40,511	199,200	1,497	241,208
Changes in other technical reserves	2,164	1,450	176	3,790
Policy acquisition costs	4,611	9,141	2,325	16,077
Other underwriting expenses	3,491	31,056	169	34,716
TOTAL UNDERWRITING COSTS AND EXPENSES	50,777	240,847	4,167	295,791
NET UNDERWRITING INCOME	14,126	(7,766)	4,822	11,182
OTHER OPERATING (EXPENSES) / INCOME				
Allowance for doubtful debts				(2,266)
General and administrative expenses				(61,451)
Realized gain on investments				1,061
Investment income				4,814
Amortization of held to maturity investments				335
Unrealized gain on investments				8,289
Other income				86
TOTAL OTHER OPERATING EXPENSES				(49,132)
LOSS BEFORE SURPLUS AND ZAKAT				(37,950)
Zakat				(3,000)
NET LOSS FOR THE PERIOD				(40,950)
Net income for the period attributable to insurance operations				-
Net loss for the period attributable to the shareholders				(40,950)

SALAMA COOPERATIVE INSURANCE COMPANY
(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

13. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent transactions with 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 mutually agreed and are approved by the Company's management and manage.

The following are the details of the major related party transactions during the period and the related balances:

	30 September 2022 (Unaudited) SR'000	30 September 2021 (Unaudited) SR'000
Remuneration paid to board of directors	-	-
Board of directors' and committees meeting fees	310	-
	310	-

The compensation of key management personnel during the period is as follows:

	30 September 2022 (Unaudited) SR'000	30 September 2021 (Unaudited) SR'000
Salaries and other allowances	4,152	1,480
End of service indemnities	1,244	1,726
	5,396	3,206
Remuneration to those charged with governance	146	1,480

SALAMA COOPERATIVE INSURANCE COMPANY
(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

14. ZAKAT

a. Charge for the period / year

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

Movements in provision during the period / year

	30 September 2022 (Unaudited) SR'000	31 December 2021 (Audited) SR'000
Balance at the beginning of the period / year	27,629	31,131
Charge for the period / year	3,000	6,000
Paid during the period / year*	-	(9,502)
Balance at the end of the period / year	30,629	27,629

* Included a withholding tax payment of SR 4.96 million.

b. Status of zakat assessments

The Company submitted the Zakat declarations for the year ended 31 December 2021 and obtained the necessary Zakat and tax certificate.

The ZATCA has issued assessments for the years from 2006 to 2012 amounting to SR 17.1 million which represents SR 9.3 million as zakat differences and SR 4.4 million as withholding tax differences and SR 3.4 million as withholding tax delay fines. The Company has settled the amount of withholding tax differences amounting to SR 4.4 million and partially settled the delay fines amounting to SR 3.1 million and accordingly issued a letter of guarantee amounting to SR 9.5 million on the favour of ZATCA for the zakat differences for the said years. During 2021, the Company have settled the liability from 2008 to 2012 and requested ZATCA to release the bank guarantee amounting to SR 9.5 million.

A settlement request was submitted to ZATCA to pay an amount of SR 3 million to close the case, but the Zakat disputes committee reached to a decision to settle an amount of SR 7.7 million to finalize the assessments for the said years. The ZATCA has rejected the Zakat disputes committee's decision with the completion of the hearing of the case raised to the Appeal Committee. The management expects that the volume of zakat liability will reach to SR 4.2 million and based on the objection and the information submitted to ZATCA and the committees.

The ZATCA has issued an assessment for the year 2014, which has requested an additional Zakat liability amounting to SR 1.2 million. The assessment was objected, and the objection was rejected by ZATCA. The case has been escalated to the Preliminary Committee of the Tax Committees and their decision is awaited. The management believes that the volume of zakat liability will reach to SR 1.2 million.

The ZATCA raised an assessment for the years from 2015 to 2018, which has requested an additional Zakat liability amounting to SR 14.1 million, and withholding tax liability for the years from 2014 to 2018, amounting to SR 7 million. During 2021, the Company has settled the withholding tax differences to get the benefits of governmental revised 1st phase amnesty period (full exemption of penalty). The management believes that the volume of zakat liability will reach to SR 14.7 million.

During 2021, the Company received zakat assessments for the year 2019 and 2020 where ZATCA asking additional liability of SR 11.4 million. The Company objected and later reduced to SR 9.1 million. The Company made a payment of SR 2.3 million in order to object according to the zakat regulation. The objection has been referred to the General Secretariat of the Tax Committees and the case is still under discussion.

SALAMA COOPERATIVE INSURANCE COMPANY
(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

15. SHARE CAPITAL

The authorized and issued and fully paid share capital of the Company was SR 250 million divided into 25 million ordinary shares of SR 10 each.

On 16 August 2022, the shareholders of the Company in an extra-ordinary general meeting approved the decrease in accumulated losses by netting-off with the share capital of SR 150 million and utilize the entire balance of SR 5 million from the statutory reserve. Accordingly, the share capital and accumulated losses have been reduced by SR 150 million. The capital reduction is through reduction of 3 shares for every 5 shares held by the shareholder. The purpose of capital reduction is to restructure the capital position of the Company in line with the Companies Law. There will be no impact of capital reduction on the Company's financial obligations.

The authorized and issued and fully paid share capital of the Company is SR 100 million divided into 10 million ordinary shares of SR 10 each.

16. (LOSS) / EARNINGS PER SHARE

(Loss) / earnings per share for the period has been calculated by dividing the net (loss) / income for the period by the weighted average number of issued and outstanding shares for the period. The Company have decreased its share capital by offsetting with accumulated losses (note 15), as a result the weighted average number of ordinary shares issued and outstanding in the prior period has been restated to 10 million shares and accordingly earnings per share is restated.

17. CAPITAL MANAGEMENT

Objectives are set by the Company to maintain healthy capital ratios in order to support its business objectives and maximize shareholders' value.

The Company manages its capital requirements by assessing shortfalls between reported and required capital levels on a regular basis. Adjustments to current capital levels are made in light of changes in market conditions and risk characteristics of the Company's activities. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or issue shares.

On 20 April 2022, the Company received a letter from the Saudi Central Bank (SAMA) regarding the decrease in the actual solvency margin of the Company below the required solvency margin according to the requirements of Article (66) of the Executive Regulations of the Insurance Companies Control Law. The letter instructed that the Company must comply with the requirements of Article (68) of the executive regulations of the Insurance Companies Control Law and submit a corrective plan to SAMA explaining the steps that the Company will take to improve its financial solvency and the necessary time period, within 15 working days from the date of the aforementioned letter above.

On 18 May 2022, the Company has submitted its response to SAMA regarding the corrective measures to improve the solvency margin at appropriate level.

In the opinion of the Board of Directors, the Company has not fully complied with the externally imposed capital requirements during the reported financial period. Further refer note 3c for information regarding Capital restricting.

SALAMA COOPERATIVE INSURANCE COMPANY
(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

a) Interim condensed statement of financial position

	30 September 2022 (Unaudited)			31 December 2021 (Audited)		
	Insurance operations SR '000	Share- holders' operations SR '000	Total SR '000	Insurance operations SR '000	Share- holders' operations SR '000	Total SR '000
ASSETS						
Cash and cash equivalents	194,574	31	194,605	123,527	489	124,016
Term deposits	168,271	-	168,271	97,000	-	97,000
Premiums and reinsurers' receivable – net	79,009	-	79,009	54,672	-	54,672
Reinsurers' share of unearned premiums	40,701	-	40,701	25,555	-	25,555
Reinsurers' share of outstanding claims	34,627	-	34,627	19,975	-	19,975
Reinsurers' share of claims incurred but not reported	11,979	-	11,979	13,866	-	13,866
Deferred policy acquisition costs	43,030	-	43,030	27,707	-	27,707
Investments	15,049	75,882	90,931	52,600	115,853	168,453
Prepaid expenses and other assets	27,820	76	27,896	18,781	373	19,154
Right of use assets – net	16,335	-	16,335	18,231	-	18,231
Property and equipment – net	5,443	-	5,443	4,107	-	4,107
Intangible assets – net	1,101	-	1,101	418	-	418
Statutory deposit	-	37,500	37,500	-	37,500	37,500
Accrued commission on statutory deposit	-	4,471	4,471	-	3,887	3,887
Due from insurance operations	50,458	-	50,458	30,350	-	30,350
	688,397	117,960	806,357	486,789	158,102	644,891
Less: Inter-operations eliminations	(50,458)	-	(50,458)	(30,350)	-	(30,350)
TOTAL ASSETS	637,939	117,960	755,899	456,439	158,102	614,541

SALAMA COOPERATIVE INSURANCE COMPANY
(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)

a) Interim condensed statement of financial position – (continued)

	30 September 2022 (Unaudited)			31 December 2021 (Audited)		
	Insurance operations SR '000	Share- holders' operations SR '000	Total SR '000	Insurance operations SR '000	Share- holders' operations SR '000	Total SR '000
<u>LIABILITIES</u>						
Policyholders claims payable	14,587	-	14,587	11,421	-	11,421
Accrued expenses and other liabilities	55,144	-	55,144	35,982	-	35,982
Lease liabilities	17,368	-	17,368	20,335	-	20,335
Reinsurers' balances payable	9,866	-	9,866	984	-	984
Unearned premiums	405,829	-	405,829	228,830	-	228,830
Unearned reinsurance commission	4,470	-	4,470	4,351	-	4,351
Outstanding claims	33,686	-	33,686	22,859	-	22,859
Claims incurred but not reported	110,986	-	110,986	123,883	-	123,883
Premium deficiency reserves	5,845	-	5,845	6,700	-	6,700
Other technical reserves	10,080	-	10,080	7,892	-	7,892
Employee benefits obligation	4,879	-	4,879	7,895	-	7,895
Surplus distribution payable	15,409	-	15,409	15,409	-	15,409
Provision for zakat	-	30,629	30,629	-	27,629	27,629
Accrued commission income payable to SAMA	-	4,471	4,471	-	3,887	3,887
Due to shareholders' operations	-	50,458	50,458	-	30,350	30,350
	688,149	85,558	773,707	486,541	61,866	548,407
Less: Inter-operations eliminations	-	(50,458)	(50,458)	-	(30,350)	(30,350)
<u>TOTAL LIABILITIES</u>	688,149	35,100	723,249	486,541	31,516	518,057
<u>SHAREHOLDERS' EQUITY</u>						
Share capital	-	100,000	100,000	-	250,000	250,000
Statutory reserve	-	-	-	-	5,003	5,003
Accumulated loss	-	(67,598)	(67,598)	-	(158,767)	(158,767)
<u>TOTAL SHAREHOLDERS' EQUITY</u>	-	32,402	32,402	-	96,236	96,236
Re-measurement reserve of employees benefit obligations	248	-	248	248	-	248
<u>TOTAL EQUITY</u>	248	32,402	32,650	248	96,236	96,484
<u>TOTAL LIABILITIES AND EQUITY</u>	688,397	67,502	755,899	486,789	127,752	614,541
COMMITMENTS AND CONTINGENCIES	700	9,500	10,200	700	9,500	10,200

SALAMA COOPERATIVE INSURANCE COMPANY
(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)

b) Interim condensed statement of income

	Three month period ended 30 September					
	2022			2021		
	(Unaudited)			(Unaudited) (Restated)		
	Insurance operations SR'000	Share-holders' operations SR'000	Total SR'000	Insurance operations SR'000	Share-holders' operations SR'000	Total SR'000
<u>REVENUES</u>						
Gross premiums written	242,372	-	242,372	125,322	-	125,322
Reinsurance premiums ceded						
- Local	(457)	-	(457)	(4,260)	-	(4,260)
- Foreign	(24,215)	-	(24,215)	(10,350)	-	(10,350)
	(24,672)	-	(24,672)	(14,610)	-	(14,610)
Excess of loss expenses						
- Local	(44)	-	(44)	(1,351)	-	(1,351)
- Foreign	(1,591)	-	(1,591)	(552)	-	(552)
	(1,635)	-	(1,635)	(1,903)	-	(1,903)
Net premiums written	216,065	-	216,065	108,809	-	108,809
Changes in unearned premiums – net	(77,213)	-	(77,213)	(7,854)	-	(7,854)
Net premiums earned	138,852	-	138,852	100,955	-	100,955
Reinsurance commissions	2,301	-	2,301	2,176	-	2,176
Other underwriting income	6,856	-	6,856	367	-	367
<u>TOTAL REVENUES</u>	148,009	-	148,009	103,498	-	103,498
<u>UNDERWRITING COSTS AND EXPENSES</u>						
Gross claims paid	151,168	-	151,168	113,708	-	113,708
Reinsurers' share of claims paid	(12,902)	-	(12,902)	(10,125)	-	(10,125)
Net claims paid	138,266	-	138,266	103,583	-	103,583
Changes in outstanding claims – net	(19,565)	-	(19,565)	(2,135)	-	(2,135)
Changes in claims incurred but not reported – net	(11,347)	-	(11,347)	4,266	-	4,266
Net claims incurred	107,354	-	107,354	105,714	-	105,714
Change in premium deficiency reserve	(9,886)	-	(9,886)	-	-	-
Change in other technical reserves	(1,118)	-	(1,118)	1,190	-	1,190
Policy acquisition costs	8,903	-	8,903	5,397	-	5,397
Other underwriting expenses	18,489	-	18,489	13,522	-	13,522
<u>TOTAL UNDERWRITING COSTS AND EXPENSES</u>	123,742	-	123,742	125,823	-	125,823
NET UNDERWRITING INCOME / (LOSS)	24,267	-	24,267	(22,325)	-	(22,325)

SALAMA COOPERATIVE INSURANCE COMPANY
(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)

b) Interim condensed statement of income – (continued)

	Three month period ended 30 September					
	2022 (Unaudited)			2021 (Unaudited) (Restated)		
	Insurance operations SR'000	Share- holders' operations SR'000	Total SR'000	Insurance operations SR'000	Share- holders' operations SR'000	Total SR'000
<u>OTHER OPERATING (EXPENSES) / INCOME</u>						
Allowance for doubtful debts	(692)	-	(692)	(1,094)	-	(1,094)
General and administrative expenses	(19,929)	(270)	(20,199)	(19,840)	(322)	(20,162)
Realized gain on investments	709	1	710	-	-	-
Commission from held to maturity investments	-	350	350	-	-	-
Investment income	2,692	31	2,723	1,373	1,353	2,726
Amortization of held to maturity investments	-	-	-	-	-	-
Unrealized (loss) / gain on investments	(16)	(1,080)	(1,096)	(48)	2,800	2,752
Other income	-	-	-	9	-	9
<u>TOTAL OTHER OPERATING (EXPENSES) / INCOME</u>	<u>(17,236)</u>	<u>(968)</u>	<u>(18,204)</u>	<u>(19,600)</u>	<u>3,831</u>	<u>(15,769)</u>
<u>INCOME / (LOSS) BEFORE SURPLUS AND ZAKAT</u>	<u>7,031</u>	<u>(968)</u>	<u>6,063</u>	<u>(41,925)</u>	<u>3,831</u>	<u>(38,094)</u>
Zakat	-	-	-	-	-	-
<u>NET INCOME / (LOSS) AFTER ZAKAT</u>	<u>7,031</u>	<u>(968)</u>	<u>6,063</u>	<u>(41,925)</u>	<u>3,831</u>	<u>(38,094)</u>
Transferred to Shareholders	(7,031)	7,031	-	41,925	(41,925)	-
<u>NET INCOME / (LOSS) FOR THE PERIOD ATTRIBUTABLE TO SHAREHOLDERS</u>	<u>-</u>	<u>6,063</u>	<u>6,063</u>	<u>-</u>	<u>(38,094)</u>	<u>(38,094)</u>
<u>NET RESULT FROM INSURANCE OPERATIONS</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Earnings / (loss) per share (Expressed in SR per share)						
Weighted average number of shares outstanding (in thousands of shares)	-	10,000	10,000	-	10,000	10,000
Basic and diluted earnings / (loss) per share (SR/Share) – restated – 2021	-	0.61	0.61	-	(3.81)	(3.81)

SALAMA COOPERATIVE INSURANCE COMPANY

(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)

c) Interim condensed statement of comprehensive income

	Three month period ended 30 September					
	2022 (Unaudited)			2021 (Unaudited) (Restated)		
	Insurance operations SR'000	Share- holders' operations SR'000	Total SR'000	Insurance operations SR'000	Share- holders' operations SR'000	Total SR'000
NET INCOME / LOSS FOR THE PERIOD ATTRIBUTABLE TO THE SHAREHOLDERS	-	6,063	6,063	-	(38,094)	(38,094)
Other comprehensive income / (loss):						
<i>Items that will not be reclassified to statements of income in subsequent years</i>						
Other comprehensive income / (loss)	-	-	-	-	-	-
Total comprehensive income / (loss) for the period	-	6,063	6,063	-	(38,094)	(38,094)

SALAMA COOPERATIVE INSURANCE COMPANY
(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)

d) Interim condensed statement of income

	Nine month period ended 30 September					
	2022			2021		
	(Unaudited)			(Unaudited) (Restated)		
	Insurance operations SR'000	Share-holders' operations SR'000	Total SR'000	Insurance operations SR'000	Share-holders' operations SR'000	Total SR'000
<u>REVENUES</u>						
Gross premiums written	582,201	-	582,201	360,617	-	360,617
Reinsurance premiums ceded						
- Local	(947)	-	(947)	(6,443)	-	(6,443)
- Foreign	(57,649)	-	(57,649)	(33,865)	-	(33,865)
	(58,596)	-	(58,596)	(40,308)	-	(40,308)
Excess of loss expenses						
- Local	(208)	-	(208)	(2,499)	-	(2,499)
- Foreign	(5,105)	-	(5,105)	(1,344)	-	(1,344)
	(5,313)	-	(5,313)	(3,843)	-	(3,843)
Net premiums written	518,292	-	518,292	316,466	-	316,466
Changes in unearned premiums – net	(161,853)	-	(161,853)	(16,105)	-	(16,105)
Net premiums earned	356,439	-	356,439	300,361	-	300,361
Reinsurance commissions	6,982	-	6,982	6,215	-	6,215
Other underwriting income	8,457	-	8,457	397	-	397
<u>TOTAL REVENUES</u>	371,878	-	371,878	306,973	-	306,973
<u>UNDERWRITING COSTS AND EXPENSES</u>						
Gross claims paid	358,069	-	358,069	282,858	-	282,858
Reinsurers' share of claims paid	(32,679)	-	(32,679)	(28,531)	-	(28,531)
Net claims paid	325,390	-	325,390	254,327	-	254,327
Changes in outstanding claims – net	(3,825)	-	(3,825)	(7,568)	-	(7,568)
Changes in claims incurred but not reported – net	(11,009)	-	(11,009)	(5,551)	-	(5,551)
Net claims incurred	310,556	-	310,556	241,208	-	241,208
Change in premium deficiency reserve	(855)	-	(855)	-	-	-
Change in other technical reserves	2,188	-	2,188	3,790	-	3,790
Policy acquisition costs	21,964	-	21,964	16,077	-	16,077
Other underwriting expenses	50,874	-	50,874	34,716	-	34,716
<u>TOTAL UNDERWRITING COSTS AND EXPENSES</u>	384,727	-	384,727	295,791	-	295,791
NET UNDERWRITING (LOSS) / INCOME	(12,849)	-	(12,849)	11,182	-	11,182

SALAMA COOPERATIVE INSURANCE COMPANY
(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)

d) Interim condensed statement of income – (continued)

	Nine month period ended 30 September					
	2022 (Unaudited)			2021 (Unaudited) (Restated)		
	Insurance operations SR'000	Share- holders' operations SR'000	Total SR'000	Insurance operations SR'000	Share- holders' operations SR'000	Total SR'000
<u>OTHER OPERATING (EXPENSES) / INCOME</u>						
Allowance for doubtful debts	(4,629)	-	(4,629)	(2,266)	-	(2,266)
General and administrative expenses	(56,832)	(735)	(57,567)	(59,381)	(2,070)	(61,451)
Realized gain / (loss) on investments	4,581	1,985	6,566	1,101	(40)	1,061
Commission from held to maturity investments	162	1,188	1,350	-	-	-
Investment income	7,322	92	7,414	2,464	2,350	4,814
Amortization of held to maturity investments	-	-	-	-	335	335
Unrealized (loss) / gain on investments	(42)	(1,080)	(1,122)	(624)	8,913	8,289
Other income	3	-	3	86	-	86
<u>TOTAL OTHER OPERATING (EXPENSES) / INCOME</u>	<u>(49,435)</u>	<u>1,450</u>	<u>(47,985)</u>	<u>(58,620)</u>	<u>9,488</u>	<u>(49,132)</u>
<u>(LOSS) / INCOME BEFORE SURPLUS AND ZAKAT</u>	<u>(62,284)</u>	<u>1,450</u>	<u>(60,834)</u>	<u>(47,438)</u>	<u>9,488</u>	<u>(37,950)</u>
Zakat	-	(3,000)	(3,000)	-	(3,000)	(3,000)
<u>NET (LOSS) / INCOME AFTER ZAKAT</u>	<u>(62,284)</u>	<u>(1,550)</u>	<u>(63,834)</u>	<u>(47,438)</u>	<u>6,488</u>	<u>(40,950)</u>
Transferred to Shareholders	62,284	(62,284)	-	47,438	(47,438)	-
<u>NET LOSS FOR THE PERIOD ATTRIBUTABLE TO SHAREHOLDERS</u>	<u>-</u>	<u>(63,834)</u>	<u>(63,834)</u>	<u>-</u>	<u>(40,950)</u>	<u>(40,950)</u>
<u>NET RESULT FROM INSURANCE OPERATIONS</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Loss per share (Expressed in SR per share)						
Weighted average number of shares outstanding (in thousands of shares)	-	10,000	10,000	-	10,000	10,000
Basic and diluted loss per share (SR/Share) – restated – 2021	-	(6.38)	(6.38)	-	(4.10)	(4.10)

SALAMA COOPERATIVE INSURANCE COMPANY

(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)

e) Interim condensed statement of comprehensive income

	Nine month period ended 30 September					
	2022 (Unaudited)			2021 (Unaudited) (Restated)		
	Insurance operations SR'000	Share- holders' operations SR'000	Total SR'000	Insurance operations SR'000	Share- holders' operations SR'000	Total SR'000
NET LOSS FOR THE PERIOD						
ATTRIBUTABLE TO THE SHAREHOLDERS	-	(63,834)	(63,834)	-	(40,950)	(40,950)
Other comprehensive income / (loss):						
<i>Items that will not be reclassified to statements of income in subsequent years</i>						
Other comprehensive income / (loss)	-	-	-	-	-	-
Total comprehensive loss for the period	-	(63,834)	(63,834)	-	(40,950)	(40,950)

SALAMA COOPERATIVE INSURANCE COMPANY
(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)

f) Interim condensed statement of cash flows

	Nine month period ended 30 September					
	2022 (Unaudited)			2021 (Unaudited) (Restated)		
	Insurance operations SR'000	Share- holders' operations SR'000	Total SR'000	Insurance operations SR'000	Share- holders' operations SR'000	Total SR'000
CASH FLOWS FROM OPERATING ACTIVITIES						
Loss for the period before zakat	-	(60,834)	(60,834)	-	(37,950)	(37,950)
<u>Adjustments for non-cash items:</u>						
Depreciation of property and equipment	2,098	-	2,098	2,756	-	2,756
Amortization of intangible assets	169	-	169	2,720	-	2,720
Depreciation of right-of-use assets	2,127	-	2,127	2,726	-	2,726
Finance cost on lease liabilities	723	-	723	842	-	842
Amortization of held to maturity investments	-	-	-	-	-	-
Allowance for doubtful debts	4,629	-	4,629	2,266	-	2,266
Unrealized loss / (gain) on investments at fair value through statement of income	42	1,080	1,122	624	(8,913)	(8,289)
Realized gain on investments at fair value through statement of income	(4,581)	(1,985)	(6,566)	(1,103)	(97)	(1,200)
Employees benefit obligations	(1,241)	-	(1,241)	-	-	-
	3,966	(61,739)	(57,773)	10,831	(46,960)	(36,129)
<u>Changes in operating assets and liabilities:</u>						
Premiums and reinsurers' receivable	(28,966)	-	(28,966)	(39,573)	-	(39,573)
Reinsurers' share of unearned premiums	(15,146)	-	(15,146)	(3,253)	-	(3,253)
Reinsurers' share of outstanding claims	(14,652)	-	(14,652)	5,841	-	5,841
Reinsurers' share of claims Incurred but not reported	1,887	-	1,887	(1,056)	-	(1,056)
Deferred policy acquisition costs	(15,323)	-	(15,323)	(7,619)	-	(7,619)
Prepaid expenses and other assets	(9,039)	297	(8,742)	13,598	109	13,707
Accrued commission from statutory deposit	-	(584)	(584)	-	(149)	(149)
Policyholders and claims payable	3,166	-	3,166	(2,120)	-	(2,120)
Accrued expense and other liabilities	19,161	-	19,161	11,955	-	11,955
Reinsurers' balances payable	8,882	-	8,882	(1,837)	-	(1,837)
Unearned premiums	176,999	-	176,999	19,358	-	19,358
Unearned reinsurance commission	119	-	119	675	-	675
Outstanding claims	10,827	-	10,827	(13,409)	-	(13,409)
Claims incurred but not reported	(12,897)	-	(12,897)	(4,496)	-	(4,496)
Premium deficiency reserves	(854)	-	(854)	-	-	-
Other technical reserves	2,188	-	2,188	3,790	-	3,790
Accrued commission income payable to SAMA	-	584	584	-	149	149
	130,318	(61,442)	68,876	(7,315)	(46,851)	(54,166)
Zakat paid	-	-	-	-	(7,288)	(7,288)
Employees benefit obligations paid	(1,775)	-	(1,775)	(980)	-	(980)
Net cash flows generated from / (used in) operating activities	128,543	(61,442)	67,101	(8,295)	(54,139)	(62,434)

SALAMA COOPERATIVE INSURANCE COMPANY

(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)

f) Interim condensed statement of cash flows – (continued)

	Nine month period ended 30 September					
	2022			2021		
	(Unaudited)			(Unaudited)		
				(Restated)		
	Insurance operations	Share-holders' operations	Total	Insurance operations	Share-holders' operations	Total
	SR'000	SR'000	SR'000	SR'000	SR'000	SR'000
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchase of investments	(37,504)	(458)	(37,962)	(1,461)	(3,038)	(4,499)
Proceeds from sale of investments	79,594	36,351	115,945	28,564	4,951	33,515
Placement of term deposits	(415,461)	-	(415,461)	-	(200,000)	(200,000)
Proceeds from maturity of term deposit	344,190	-	344,190	50,428	200,000	250,428
Purchase of held to maturity investments	-	-	-	-	(50,000)	(50,000)
Proceeds from held to maturity investments	-	4,983	4,983	-	-	-
Purchase of right-of-use assets	(231)	-	(231)	-	-	-
Purchase of property and equipment	(3,434)	-	(3,434)	(414)	-	(414)
Purchase of intangible assets	(852)	-	(852)	(4,050)	-	(4,050)
Net cash flows (used in) / generated from investing activities	(33,698)	40,876	7,178	73,067	(48,087)	24,980
CASH FLOWS FROM FINANCING ACTIVITIES						
Payment of lease liabilities	(3,690)	-	(3,690)	(417)	-	(417)
Due to / (from) shareholders' operations	(20,108)	20,108	-	(96,403)	96,403	-
Net cash flows (used in) / generated from financing activities	(23,798)	20,108	(3,690)	(96,820)	96,403	(417)
Net change in cash and cash equivalents	71,047	(458)	70,589	(32,048)	(5,823)	(37,871)
Cash and cash equivalents, beginning of the period	123,527	489	124,016	47,892	111,354	159,246
Cash and cash equivalents, end of the period	194,574	31	194,605	15,844	105,531	121,375

SALAMA COOPERATIVE INSURANCE COMPANY
(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

19. IMPACT OF COVID-19

In response to the spread of the Covid-19 in the Kingdom of Saudi Arabia where the Company operates and its resulting disruptions to the social and economic activities in those markets over the last two years, management continues to proactively assess its impacts on its operations. In particular, the Company is closely monitoring the current surge in cases due to the outbreak of a new variant - Omicron. The preventive measures taken by the Company in April 2020 are still in effect including the creation of ongoing crisis management teams and processes, to ensure the health and safety of its employees, customers and the wider community as well as to ensure the continuity of its operations. Employee health continues to be a key area of focus with programs being implemented to assist with increasing awareness, identification, support and monitoring of employee health. A majority of the employees of the Company have been fully vaccinated for at least two doses of vaccine and the management is working on a plan to encourage booster shots in line with the government initiatives related to Covid-19.

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.

Based on these factors, management believes that the Covid-19 pandemic has had no material effect on the Company's reported financial results for the period ended 30 September 2022 including the significant accounting judgements and estimates.

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.

20. COMPARATIVE FIGURES

Certain comparative figures have been restated and regrouped to conform with the current period's presentation in these interim condensed financial statements. These restatements have no material impact on the net income for the nine month periods ended 30 September 2021 and retained earnings for the same period except for the below presentation.

For the nine month period ended 30 September 2021	Amount as previously stated	Restatement	Restated amount
	SR'000	SR'000	SR'000
Excess of loss expenses – foreign	1,264	(2,608)	(1,344)
Net income for the period	(38,342)	(2,608)	(40,950)
Accumulated losses	(87,047)	(260)	(87,307)

21. SUBSEQUENT EVENT

There were no events during the subsequent period from 30 September 2022 and till the date of the approval of these interim condensed financial statements that are expected to have a significant impact on these interim condensed financial statements.

22. APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

The interim condensed financial statements have been approved by the Board of Directors on 09 Rabi-ul-Thani 1444H, corresponding to 03 November 2022.