

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

**UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REVIEW REPORT
FOR THE THREE-MONTHS PERIOD ENDED
31 MARCH 2021**

ALLIED COOPERATIVE INSURANCE GROUP (ACIG)
(A SAUDI JOINT STOCK COMPANY)
UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
AS AT 31 MARCH 2021

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INDEPENDENT AUDITORS' REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL STATEMENTS

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

INTRODUCTION

We have reviewed the accompanying interim statement of financial position of Allied Cooperative Insurance Group (ACIG) - a Saudi Joint Stock Company (the "Company") as at 31 March 2021 and the related interim statements of income, comprehensive income, changes in equity and cash flows for the three-month period then ended 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), as 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 the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" as endorsed in the Kingdom of Saudi Arabia. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

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

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18 May 2021
6 Shawwal 1442H



ALLIED COOPERATIVE INSURANCE GROUP (ACIG)
(A SAUDI JOINT STOCK COMPANY)
INTERIM STATEMENT OF FINANCIAL POSITION – (UNAUDITED)
AS AT 31 MARCH 2021

	Notes	31 March 2021 (Unaudited) SR' 000	31 December 2020 (Audited) SR' 000
ASSETS			
Cash and cash equivalents	4	83,062	147,976
Term deposits	5	180,410	119,331
Premiums and reinsurers' receivable, net	6	109,468	98,638
Reinsurers' share of unearned premiums	8.2	30,874	27,393
Reinsurers' share of outstanding claims	8.1	12,523	11,908
Reinsurers' share of claims incurred but not reported	8.1	8,792	8,020
Deferred policy acquisition cost		35,823	31,659
Due from a related party		1,985	1,985
Property and equipment, net		5,029	5,314
Intangible assets		4,565	4,751
Right-of-use asset, net	9	4,731	5,222
Available-for-sale investments	7	51,332	49,259
Prepayments and other receivables		69,181	64,160
Accrued commission on statutory deposit		1,833	1,794
Statutory deposit	11	30,000	30,000
TOTAL ASSETS		629,608	607,410


 Chief Financial Officer


 Chief Executive Officer

 Board member

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

ALLIED COOPERATIVE INSURANCE GROUP (ACIG)
(A SAUDI JOINT STOCK COMPANY)
INTERIM STATEMENT OF FINANCIAL POSITION – (UNAUDITED) – (CONTINUED)
AS AT 31 MARCH 2021

	Notes	31 March 2021 (Unaudited) SR' 000	31 December 2020 (Audited) SR' 000
LIABILITIES			
Policyholders claim payable		8,432	10,142
Accrued and other payables		15,084	24,163
Reinsurances' balances payable		23,995	16,661
Unearned commission income		1,656	1,426
Unearned premiums	8.2	286,815	264,469
Premium deficiency reserve	8.1	4,904	9,516
Other technical reserve	8.1	2,554	2,482
Outstanding claims	8.1	25,796	26,094
Claims incurred but not reported	8.1	71,892	68,643
Employees' terminal benefits		14,244	14,006
Lease liabilities	10	4,017	4,974
Surplus distribution payable		6,313	6,409
Zakat and income tax	14	12,300	11,000
Accrued commission on statutory deposit payable to SAMA		1,833	1,794
TOTAL LIABILITIES		479,835	461,779
EQUITY			
Share capital	15	141,000	141,000
Retained earnings / (accumulated losses)		638	(1,431)
Fair value reserve on available-for-sale investments		9,199	7,126
TOTAL SHAREHOLDERS' EQUITY		150,837	146,695
Re-measurement reserve of employees' terminal benefits		(1,064)	(1,064)
TOTAL EQUITY		149,773	145,631
TOTAL LIABILITIES AND EQUITY		629,608	607,410
COMMITMENTS AND CONTINGENCIES		2,998	2,998


 Chief Financial Officer


 Chief Executive Officer

Board member

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**ALLIED COOPERATIVE INSURANCE GROUP (ACIG)
(A SAUDI JOINT STOCK COMPANY)
INTERIM STATEMENT OF INCOME – (UNAUDITED)
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2021**

	Notes	Three-months period ended	
		31 March 2021 (Unaudited) SR' 000	31 March 2020 (Unaudited) SR' 000
REVENUES			
Gross premiums written		152,147	133,996
Reinsurance premiums ceded			
- Local		(552)	(1,168)
- Foreign		(19,431)	(18,328)
		(19,983)	(19,496)
Excess of loss premiums			
- Local		(516)	(666)
- Foreign		(775)	(301)
		(1,291)	(967)
Net premiums written		130,873	113,533
Changes in unearned premiums, net		(18,865)	2,821
Net premiums earned		112,008	116,354
Reinsurance commission earned		1,481	1,066
Other underwriting income		278	966
TOTAL REVENUES		113,767	118,386
UNDERWRITING COSTS AND EXPENSES			
Gross claims paid		94,163	112,725
Reinsurers' share of claims paid		(9,269)	(9,204)
Net claims paid		84,894	103,521
Changes in outstanding claims, net		(913)	(6,544)
Changes in claims incurred but not reported, net		2,477	(1,780)
Net claims incurred		86,458	95,197
Changes in other technical reserve		72	(230)
Change in premium deficiency reserve		(4,611)	23
Policy acquisition costs		9,424	7,600
Other underwriting expenses		237	1,138
TOTAL UNDERWRITING COST AND EXPENSES		91,580	103,728
NET UNDERWRITING RESULTS		22,187	14,658


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Board member

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ALLIED COOPERATIVE INSURANCE GROUP (ACIG)
(A SAUDI JOINT STOCK COMPANY)
INTERIM STATEMENT OF INCOME – (UNAUDITED) – (CONTINUED)
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2021

	Notes	Three-months period ended	
		31 March 2021 (Unaudited) SR' 000	31 March 2020 (Unaudited) SR' 000
<u>OTHER OPERATING (EXPENSE) / INCOME</u>			
(Allowance for) / release of doubtful debts	6	(595)	6,491
General and administrative expenses		(18,854)	(19,495)
Commission income on deposits		468	1,091
Realized gain on available-for-sale investments		-	448
Investment Income		493	-
Other income		29	1
TOTAL OTHER OPERATING (EXPENSES) / INCOME		(18,459)	(11,464)
INCOME BEFORE SURPLUS, ZAKAT AND INCOME TAX		3,728	3,194
Zakat charge for the period		(1,300)	(648)
INCOME AFTER ZAKAT AND INCOME TAX		2,428	2,546
INCOME ATTRIBUTED TO THE INSURANCE OPERATIONS		(359)	(317)
NET INCOME ATTRIBUTABLE TO THE SHAREHOLDERS'		2,069	2,229
Weighted average number of ordinary shares outstanding (in thousands)		14,100	14,100
Basic earnings per share (Expressed in SAR per Share) – restated 2020		0.15	0.16



Chief Financial Officer



Chief Executive Officer

Board member

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ALLIED COOPERATIVE INSURANCE GROUP (ACIG)
(A SAUDI JOINT STOCK COMPANY)
INTERIM STATEMENT OF COMPREHENSIVE INCOME – (UNAUDITED)
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2021

	Notes	Three-months period ended	
		31 March 2021 (Unaudited) SR '000	31 March 2020 (Unaudited) SR '000
Income after Zakat and income tax		2,428	2,546
OTHER COMPREHENSIVE INCOME / (LOSS)			
<i>ITEMS THAT ARE OR MAY BE RECLASSIFIED TO STATEMENTS OF INCOME IN SUBSEQUENT PERIOD</i>			
<i>Available-for-sale investments:</i>			
- Net change in fair value	7	2,073	(3,106)
TOTAL COMPREHENSIVE INCOME / (LOSS)		4,501	(560)
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO THE INSURANCE OPERATIONS		(359)	(317)
TOTAL COMPREHENSIVE INCOME / (LOSS) ATTRIBUTABLE TO THE SHAREHOLDERS		4,142	(877)



Chief Financial Officer



Chief Executive Officer

Board member

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ALLIED COOPERATIVE INSURANCE GROUP (ACIG)
(A SAUDI JOINT STOCK COMPANY)
INTERIM STATEMENT OF CHANGES IN EQUITY – (UNAUDITED)
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2021

	Share capital	Retained earnings	Fair value reserve on available-for-sale investments	Re-measurement reserve of employees' terminal benefits	Total Equity
Three-months period ended 31 March 2021 – unaudited					
	SR'000	SR'000	SR'000	SR'000	SR'000
Balance as at 1 January 2021 (audited)	141,000	(1,431)	7,126	(1,064)	145,631
Change in fair value reserve on available-for-sale investments – (note 7)	-	-	2,073	-	2,073
Total income attributable to shareholders	-	2,069	-	-	2,069
	-	2,069	2,073	-	4,142
Balance as at 31 March 2021 (unaudited)	141,000	638	9,199	(1,064)	149,773
Three-months period ended 31 March 2020 – unaudited					
	SR'000	SR'000	SR'000	SR'000	SR'000
Balance as at 1 January 2020 (audited)	200,000	(59,514)	3,973	(831)	143,628
Change in fair value reserve on available-for-sale investments – (Note 7)	-	-	(3,106)	-	(3,106)
Total income attributable to shareholders	-	2,229	-	-	2,229
	-	2,229	(3,106)	-	(877)
Balance as at 31 March 2020 (unaudited)	200,000	(57,285)	867	(831)	142,751


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ALLIED COOPERATIVE INSURANCE GROUP (ACIG)
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INTERIM STATEMENT OF CASHFLOWS – (UNAUDITED)
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2021

	<u>Three-months period ended</u>	
	31 March 2021 (Unaudited) SR'000	31 March 2020 (Unaudited) SR'000
CASH FLOWS FROM OPERATING ACTIVITIES:		
Income for the period before zakat	3,728	3,194
Adjustments for non-cash items:		
Depreciation of property and equipment	399	276
Depreciation on right-of-use assets	509	635
Finance cost of lease liabilities	42	62
Amortisation of Intangible assets	252	240
Employees' terminal benefits	267	497
(Allowance for) / release of doubtful debts	595	(6,586)
Changes in operating assets and liabilities:		
Premiums and reinsurers' receivable	(11,425)	(11,603)
Reinsurers' share of unearned premiums	(3,481)	(6,276)
Reinsurers' share of outstanding claims	(615)	(1,142)
Reinsurers' share of claims Incurred but not reported	(772)	(649)
Deferred policy acquisition cost	(4,164)	943
Due from a related party	-	(225)
Prepayments and other receivables	(5,021)	(9,296)
Policyholders claims payable	(1,710)	9,164
Accrued and other payables	(9,079)	3,160
Reinsurance payables	7,334	8,778
Unearned commission income	230	386
Unearned premiums	22,346	3,455
Premium deficiency reserve	(4,612)	24
Other technical reserves	72	(230)
Outstanding claims	(298)	(5,403)
Claims incurred but not reported	3,249	(1,131)
	<u>(2,154)</u>	<u>(11,727)</u>
Employees' terminal benefits paid	(29)	(36)
Surplus paid	(455)	-
Net cash used in operating activities	<u>(2,638)</u>	<u>(11,763)</u>



Chief Financial Officer



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Board member

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ALLIED COOPERATIVE INSURANCE GROUP (ACIG)
(A SAUDI JOINT STOCK COMPANY)
INTERIM STATEMENT OF CASHFLOWS – (UNAUDITED) – (CONTINUED)
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2021

	<i>Three-months period ended</i>	
	<i>31 March 2021 SR '000 (Unaudited) SR'000</i>	<i>31 March 2020 SR '000 (Unaudited) SR'000</i>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(114)	(117)
Proceed from sale of property and equipment	-	140
Addition in right-of-use assets	(18)	-
Purchase of Intangible assets	(66)	(206)
(Placement) / Maturity of term deposits	(61,079)	194,583
Net cash (used in) / from investing activities	(61,277)	194,400
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of lease liability	(999)	(1,121)
Net cash used in financing activities	(999)	(1,121)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(64,914)	181,516
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	147,976	77,479
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	83,062	258,995
NON – CASH INFORMATION:		
Change in fair value of available-for-sale investments	2,073	(3,106)



Chief Financial Officer



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Board member

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

ALLIED COOPERATIVE INSURANCE GROUP (ACIG)
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2021

1. ORGANIZATION AND PRINCIPAL ACTIVITIES

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

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

There are 3 registered branches as set out below:

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

2. BASIS OF PREPARATION

(a) Statement of compliance

The interim condensed financial statements of the Company as at and for the period ended 31 March 2021 have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” (IAS 34) as endorsed in Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”).

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

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

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

2. BASIS OF PREPARATION - (Continued)

(a) Statement of compliance - (Continued)

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

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

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

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

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

(c) Functional and presentation currency

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

(d) Fiscal year

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

(e) Significant accounting estimates and judgements

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

In preparing this interim condensed financial information, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 31 December 2020. 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. For further details, please see note 20 to these interim condensed financial statements. Management will continue to assess the situation, and reflect any required changes in future reporting periods.

2. BASIS OF PREPARATION-(Continued)

(e) Significant accounting estimates and judgements

Impact of Covid-19 on the medical technical reserves and financial assets

Financial assets

To cater for any potential impacts, the Covid-19 pandemic may have had on the financial assets of the Company, the Company has performed an assessment in accordance with its accounting policy, to determine whether there is an objective evidence that a financial asset or a group of financial assets has been impaired. For debt financial assets, these include factors such as, significant financial difficulties of issuers or debtors, default or delinquency in payments, probability that the issuer or debtor will enter bankruptcy or other financial reorganization, etc. In case of equities classified under available-for-sale, the Company has performed an assessment to determine whether there is a significant or prolonged decline in the fair value of financial assets below their cost.

Based on these assessments, the Company's management believes that the Covid-19 pandemic has had no material effects on Company's reported results for the three-months period ended 31 March 2021. The Company's management continues to monitor the situation closely.

Credit risk management

The Company has strengthened its credit risk management policies to address the fast changing and evolving risks posed by the current circumstances. These include review of credit concentrations at the granular economic sector, region and counterparty level and the Company has taken appropriate action where required. Based on the review, the Company has identified the certain sectors such as government contracting, airlines, retail sector and hospitality industry as being impacted significantly by the Covid-19 pandemic and lower oil prices.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies, estimates and assumptions used in the preparation of the interim condensed financial information are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2020, except for the new standards and adoption of the amendments to existing standards which have had either insignificant effect or no financial impact on the interim condensed financial information of the Company on the current period or prior periods and are expected to have an insignificant effect in future period.

A. Standards issued but not yet effective

The Company has chosen not to early adopt the following new standards which have been issued but not yet effective for the Company's accounting year beginning on 1 January 2021 and is currently assessing their impact.

3. SIGNIFICANT ACCOUNTING POLICIES-(Continued)

A. Standards issued but not yet effective - (Continued)

IFRS 17 - “Insurance Contracts”

Overview

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

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

- A) embedded derivatives, if they meet certain specified criteria;
- B) distinct investment components; and
- C) any promise to transfer distinct goods or non-insurance services.

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

Measurement

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

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.

3. SIGNIFICANT ACCOUNTING POLICIES-(Continued)

A. Standards issued but not yet effective - (Continued)

IFRS 17 - “Insurance Contracts” - (Continued)

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

- A) changes in the entity’s share of the fair value of underlying items ,
- B) changes in the effect of the time value of money and 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 the remaining coverage if it provides a measurement that is not materially different from the general model 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 model remains applicable for the measurement of 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 Company intends to apply the Standard on its effective date i.e. 1 January 2023. 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 in the second quarter of 2020. Earlier application is permitted if both IFRS 15 – Revenue from Contracts with Customers and IFRS 9 – Financial Instruments have also been applied.

Transition

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

Presentation and Disclosures

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

Impact:

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

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

ALLIED COOPERATIVE INSURANCE GROUP (ACIG)
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS – (CONTINUED)
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2021

3. SIGNIFICANT ACCOUNTING POLICIES-(Continued)

B. Standards issued but not yet effective - (Continued)

IFRS 17 - “Insurance Contracts” - (Continued)

Impact – (continued):

Impact area	Summary of impact
Financial impact	As per the analysis on underwriting year 2018, the financial impact was observed to be minor in proportion to the overall equity as the Company's insurance contracts are mostly short-termed and short tailed entitling for premium allocation approach (PAA) which is largely similar to current account practice.
Data impact	IFRS 17 has additional data requirements (e.g. premium due date for initial recognition, premium receipt data for the LFRC, RI contracts held break down into risk attaching or loss incurring for assessing contract boundaries, lower granularity to meet level of aggregation requirements and data for additional disclosures as per IFRS 17). Further extensive exercise is being carried out to ensure the required data is made available.
IT systems impact	The company has identified the need for IFRS-17 accounting engine. A solution vendor is expected to be finalized by Q1 of 2021.
Process impact	The company carried out an operational impact assessment exercise to assess the operational impact of implementing IFRS 17. Since, majority of the company's contracts would be measured under the premium allocation approach, the process impact is expected to be moderate.
Impact on Reinsurance arrangements	Further assessment is being done to confirm measurement approach for reinsurance arrangements where RI gross premium ceded does not automatically qualify for PAA.
Impact on policies and control frameworks	The Company's policies and procedures needs update to accommodate the changes in the Company's processes and systems related to IFRS 17 implementation. Detailed exercise for the purpose is being carried out as part of Phase III of SAMA implementation guidelines.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES-(Continued)

A. Standards issued but not yet effective - (Continued)

IFRS 9 - "Financial instruments" - (Continued)

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

a) Classification and measurement:

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

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

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

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

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.

b) Impairment:

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

c) Hedge accounting:

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

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:

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3. SIGNIFICANT ACCOUNTING POLICIES-(Continued)

A. Standards issued but not yet effective-(Continued)

IFRS 9 - “Financial instruments” - (Continued)

Effective date - (Continued)

1. Apply a temporary exemption from implementing IFRS 9 until the earlier of:
 - a) the effective date of a new insurance contract standard; or
 - b) annual reporting periods beginning on or after 1 January 2021. The IASB is proposing to extend the effective date of IFRS 17 and the IFRS 9 temporary exemption in IFRS 4 to 1 January 2022. Additional disclosures related to financial assets are required during the deferral period. This option is only available to entities whose activities are predominately connected with insurance and have not applied IFRS 9 previously; or
2. Adopt IFRS 9 but, for designated financial assets, remove from profit or loss the effects of some of the accounting mismatches that may occur before the new insurance contract standard is implemented. During the interim period, additional disclosures are required.

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

Impact assessment

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

4. CASH AND CASH EQUIVALENTS

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

	31 March 2021 (Unaudited) SR’000	31 December 2020 (Audited) SR’000
<i>Insurance operations</i>		
Bank balances and cash	66,344	53,559
Deposits maturing within 3 months from the acquisition date	-	19,166
	66,344	72,725
<i>Shareholders’ operations</i>		
Bank balances and cash	16,718	14,201
Deposits maturing within 3 months from the acquisition date *	-	61,050
	16,718	75,251
	83,062	147,976

These deposits earn commission at an average rate of nil per annum as at 31 March 2021 (31 December 2020: 1.08%).

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5. TERM DEPOSITS

	31 March 2021 (Unaudited) SR'000	31 December 2020 (Audited) SR'000
Insurance Operations		
Term deposits	<u>119,106</u>	<u>119,331</u>
Shareholders' Operations		
Term deposits	<u>61,304</u>	<u>-</u>
	<u>180,410</u>	<u>119,331</u>

The term deposits are held with the commercial banks. These term deposits are denominated in Saudi Arabian Riyals and have been an original maturity of more than three months and less than twelve months. The carrying amounts of these term deposits reasonably approximate their fair values at the reporting date. These deposit earn commission at an average of 1% per annum as at 31 March 2021 (31 December 2020: 2.67%)

6. PREMIUMS AND REINSURERS' RECEIVABLE, NET

Receivables comprise amounts due from the following:

	31 March 2021 (Unaudited) SR'000	31 December 2020 (Audited) SR'000
Due from policyholders	88,275	78,842
Due from policyholders – related parties	2,012	1,881
Due from brokers and agents	20,594	21,309
Receivables from reinsurers	<u>7,905</u>	<u>5,329</u>
	118,786	107,361
Provision for doubtful debts	<u>(9,318)</u>	<u>(8,723)</u>
Premiums and reinsurers' receivable – net	<u>109,468</u>	<u>98,638</u>

Movement in provision for doubtful debts during the period / year was as follows:

	31 March 2021 (Unaudited) SR'000	31 December 2020 (Audited) SR'000
Balance at the beginning of the period / year	8,723	13,077
Provided / (release) for the period / year	<u>595</u>	<u>(4,354)</u>
Balance at the end of the period / year	<u>9,318</u>	<u>8,723</u>

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7. AVAILABLE-FOR-SALE INVESTMENT

All available-for-sale investments are in shareholders' operations

Investments of the shareholders' operations comprise the following:

a) Investment securities are classified as follows:

	31 March 2021 (Unaudited) SR'000	31 December 2020 (Audited) SR'000
Investment in sukuk	20,000	20,000
Quoted securities	11,496	11,177
Unquoted securities	1,923	1,923
Units in quoted local real estate fund	17,913	16,159
Total	51,332	49,259

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

	Investment in sukuk SR'000	Quoted securities SR'000	Unquoted Securities SR'000	Units in quoted local real estate fund SR'000	Total SR'000
As at 1 January 2021 – (audited)	20,000	11,177	1,923	16,159	49,259
Changes in fair value of investments	-	319	-	1,754	2,073
As at 31 March 2021 – (unaudited)	20,000	11,496	1,923	17,913	51,332

	Investment in sukuk SR'000	Quoted securities SR'000	Unquoted Securities SR'000	Units in quoted local real estate fund SR'000	Total SR'000
As at 1 January 2020 – (audited)	25,000	11,256	1,923	12,927	51,106
Disposals	(5,000)	-	-	-	(5,000)
Changes in fair value of investments	-	(79)	-	3,232	3,153
As at 31 December 2020 – (unaudited)	20,000	11,177	1,923	16,159	49,259

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8. TECHNICAL RESERVES (INSURANCE OPERATIONS)

8.1 Net outstanding claims and reserves

Net outstanding claims and reserves comprise of the following:

	31 March 2021 (Unaudited) SR'000	31 December 2020 (Audited) SR'000
Gross outstanding claims	<u>25,796</u>	26,094
	25,796	26,094
Claims incurred but not reported	71,892	68,643
Premium deficiency reserves	4,904	9,516
Other technical reserves	<u>2,554</u>	2,482
	105,146	106,735
Less:		
- Reinsurers' share of outstanding claims	<u>(12,523)</u>	(11,908)
- Reinsurers' share of claims incurred but not reported	<u>(8,792)</u>	(8,020)
	<u>(21,315)</u>	(19,928)
Net outstanding claims and reserves	<u>83,831</u>	<u>86,807</u>

8.2 Movement in unearned premiums

Movement in unearned premiums comprise of the following:

	For the three-months period ended 31 March 2021 (Unaudited)		
	Gross	Reinsurance	Net
	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>
Balance as at the beginning of the period	264,469	(27,393)	237,076
Premium written during the period	152,147	(21,274)	130,873
Premium earned during the period	<u>(129,801)</u>	<u>17,793</u>	<u>(112,008)</u>
Balance as at the end of the period	<u>286,815</u>	<u>(30,874)</u>	<u>255,941</u>
	For the year ended 31 December 2020 (Audited)		
	Gross	Reinsurance	Net
	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>
Balance as at the beginning of the year	254,360	(21,323)	233,037
Premium written during the year	515,117	(65,657)	449,460
Premium earned during the year	<u>(505,008)</u>	<u>59,587</u>	<u>(445,421)</u>
Balance as at the end of the year	<u>264,469</u>	<u>(27,393)</u>	<u>237,076</u>

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9. RIGHT OF USE ASSETS, NET

	31 March 2021 (Unaudited) SR'000	31 December 2020 (Audited) SR'000
Cost:		
At beginning of the period / year	10,073	9,985
Additions	18	88
As at end of period / year	10,091	10,073
Accumulated amortization		
At beginning of the period / year	(4,851)	(2,758)
Charge for the period / year	(509)	(2,093)
As at end of period / year	(5,360)	(4,851)
Net book value	4,731	5,222

10. LEASE LIABILITIES

	31 March 2021 (Unaudited) SR'000	31 December 2020 (Audited) SR'000
Liability		
At beginning of the period / year	10,593	10,306
Finance cost	42	287
At end of the period / year	10,635	10,593
Payments		
At beginning of the period / year	(5,619)	(3,184)
Paid during period / year	(999)	(2,435)
At end of the period / year	(6,618)	(5,619)
Total lease liability	4,017	4,974

11. STATUTORY DEPOSIT

	31 March 2021 (Unaudited) SR'000	31 December 2020 (Audited) SR'000
Shareholders' operations		
Statutory deposit	30,000	30,000

As required by Saudi Arabian Insurance Regulations, the Company deposited 15% (31 December 2020: 15%) of its paid up capital, amounting to SR 30 million in a bank designated by the Saudi Central Bank (SAMA). The Company cannot withdraw this deposit without SAMA's approval and commission accruing on this deposit is payable to SAMA.

12. SEGMENTAL INFORMATION

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

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

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

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

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

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12. SEGMENTAL INFORMATION – (CONTINUED)

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 31 March 2021 and 31 December 2020, its total revenues, expenses, and net income for the period then ended, are as follows:

OPERATING SEGMENTS	As at 31 March 2021 (Unaudited)						
	Insurance operations				Total - Insurance operations	Share- holders operations	Total
	Medical	Motor	General Accident	Others			
	SR'000	SR'000	SR'000	SR'000	SR'000	SR'000	SR'000
ASSETS							
Cash and cash equivalents	-	-	-	-	66,344	16,718	83,062
Term Deposits	-	-	-	-	119,106	61,304	180,410
Premiums and reinsurers' receivable, net	-	-	-	-	109,468	-	109,468
Reinsurers' share of unearned premiums	17,613	-	5,231	8,030	30,874	-	30,874
Reinsurers' share of outstanding claims	4,420	3,399	3,948	756	12,523	-	12,523
Reinsurers' share of claims incurred but not reported	7,455	-	615	722	8,792	-	8,792
Deferred policy acquisition costs	3,966	30,532	771	554	35,823	-	35,823
Unallocated assets	-	-	-	-	80,382	88,274	168,656
TOTAL ASSETS	33,454	33,931	10,565	10,062	463,312	166,296	629,608
LIABILITIES							
Policyholders claims payable	-	-	-	-	8,432	-	8,432
Reinsurers' balances payable	-	-	-	-	23,995	-	23,995
Unearned reinsurance commission	-	-	527	1,129	1,656	-	1,656
Unearned premiums	77,150	182,588	18,044	9,033	286,815	-	286,815
Premium deficiency reserves	4,154	750	-	-	4,904	-	4,904
Other technical reserves	377	1,798	328	51	2,554	-	2,554
Outstanding claims	14,463	1,086	9,407	840	25,796	-	25,796
Claims incurred but not reported	24,492	43,307	3,296	797	71,892	-	71,892
Unallocated liabilities and equity	-	-	-	-	37,268	166,296	203,564
TOTAL LIABILITIES AND EQUITY	120,636	229,529	31,602	11,850	463,312	166,296	629,608

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12. SEGMENTAL INFORMATION – (CONTINUED)

OPERATING SEGMENTS	As at 31 December 2020 (Audited)							
	Insurance operations					Total - Insurance operations	Share- holders operations	Total
	Medical	Motor	General Accident	Others				
SR'000	SR'000	SR'000	SR'000	SR'000	SR'000	SR'000	SR'000	
ASSETS								
Cash and cash equivalents	-	-	-	-	72,725	75,251	147,976	
Term Deposits	-	-	-	-	119,331	-	119,331	
Premiums and reinsurers' receivable, net	-	-	-	-	98,638	-	98,638	
Reinsurers' share of unearned premiums	13,733	-	5,085	8,575	27,393	-	27,393	
Reinsurers' share of outstanding claims	4,564	3,399	2,592	1,353	11,908	-	11,908	
Reinsurers' share of claims incurred but not reported	6,683	-	614	723	8,020	-	8,020	
Deferred policy acquisition costs	3,637	26,943	672	407	31,659	-	31,659	
Unallocated assets	-	-	-	-	77,348	85,137	162,485	
TOTAL ASSETS	28,617	30,342	8,963	11,058	447,022	160,388	607,410	
LIABILITIES								
Policyholders claims payable	-	-	-	-	10,142	-	10,142	
Reinsurers' balances payable	-	-	-	-	16,661	-	16,661	
Unearned reinsurance commission	-	-	467	959	1,426	-	1,426	
Unearned premiums	65,369	172,480	17,261	9,359	264,469	-	264,469	
Premium deficiency reserves	5,060	4,456	-	-	9,516	-	9,516	
Other technical reserves	356	1,776	309	41	2,482	-	2,482	
Outstanding claims	15,226	1,983	8,466	419	26,094	-	26,094	
Claims incurred but not reported	22,292	42,258	3,296	797	68,643	-	68,643	
Unallocated liabilities and equity	-	-	-	-	47,589	160,388	207,977	
TOTAL LIABILITIES AND EQUITY	108,303	222,953	29,799	11,575	447,022	160,388	607,410	

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12. SEGMENTAL INFORMATION – (CONTINUED)

OPERATING SEGMENTS	For the three-months period ended 31 March 2021 (Unaudited)				
	Medical	Motor	General Accident	Others	Total
	SR'000	SR'000	SR'000	SR'000	SR'000
REVENUES					
Gross premiums written	46,306	93,094	5,001	7,746	152,147
Reinsurance premiums ceded					
-Local	(102)	-	(33)	(417)	(552)
-Foreign	(11,245)	-	(1,532)	(6,654)	(19,431)
	(11,347)	-	(1,565)	(7,071)	(19,983)
Excess of loss premiums					
-Local	-	(470)	(2)	(44)	(516)
-Foreign	-	(705)	(2)	(68)	(775)
	-	(1,175)	(4)	(112)	(1,291)
Net written premiums	34,959	91,919	3,432	563	130,873
Changes in net unearned premiums	(7,902)	(10,107)	(638)	(218)	(18,865)
Net premiums earned	27,057	81,812	2,794	345	112,008
Reinsurance commission earned	-	-	146	1,335	1,481
Other underwriting income	57	-	221	-	278
TOTAL REVENUES	27,114	81,812	3,161	1,680	113,767
UNDERWRITING COSTS AND EXPENSES					
Gross claims paid	31,134	62,623	319	87	94,163
Reinsurers' share of claims paid	(9,225)	-	(8)	(36)	(9,269)
Net claims paid	21,909	62,623	311	51	84,894
Changes in outstanding claims, net	(620)	(897)	609	(5)	(913)
Changes in claims incurred but not reported, net	1,429	1,048	-	-	2,477
Net claims incurred	22,718	62,774	920	46	86,458
Change in other technical reserves	22	23	19	8	72
Changes in premium deficiency reserve	(905)	(3,706)	-	-	(4,611)
Policy acquisition costs	2,245	6,657	193	329	9,424
Other underwriting expenses	8	229	-	-	237
TOTAL UNDERWRITING COSTS AND EXPENSES	24,088	65,977	1,132	383	91,580
NET UNDERWRITING INCOME	3,026	15,835	2,029	1,297	22,187
OTHER OPERATING (EXPENSES) / INCOME					
Allowance for doubtful debts					(595)
General and administrative expenses					(18,854)
Commission income on deposits					468
Investment income					493
Other income					29
TOTAL OTHER OPERATING (EXPENSES) / INCOME					(18,459)
Income before surplus and zakat and income tax					3,728
Zakat charge for the period					(1,300)
Income after zakat and income tax					2,428
Income attributed to the insurance operations					(359)
Net income attributed to the shareholders'					2,069

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12. SEGMENTAL INFORMATION – (CONTINUED)

OPERATING SEGMENTS	For the three-months period ended 31 March 2020 (Unaudited)				
	Medical	Motor	General Accident	Others	Total
	SR'000	SR'000	SR'000	SR'000	SR'000
REVENUES					
Gross premiums written	31,393	85,931	4,560	12,112	133,996
Reinsurance premiums ceded					
-Local	(648)	-	(62)	(458)	(1,168)
-Foreign	(5,829)	-	(1,585)	(10,914)	(18,328)
	(6,477)	-	(1,647)	(11,372)	(19,496)
Excess of loss premiums					
-Local	-	(153)	(466)	(47)	(666)
-Foreign	-	(230)	(2)	(69)	(301)
	-	(383)	(468)	(116)	(967)
Net written premiums	24,916	85,548	2,445	624	113,533
Changes in net unearned premiums	2,082	1,465	(521)	(205)	2,821
Net premiums earned	26,998	87,013	1,924	419	116,354
Reinsurance commission earned	-	-	172	894	1,066
Other underwriting income	-	966	-	-	966
TOTAL REVENUES	26,998	87,979	2,096	1,313	118,386
UNDERWRITING COSTS AND EXPENSES					
Gross claims paid	32,962	78,725	1,038	-	112,725
Reinsurers' share of claims paid	(9,194)	-	(10)	-	(9,204)
Net claims paid	23,768	78,725	1,028	-	103,521
Changes in outstanding claims, net	337	(7,101)	217	3	(6,544)
Changes in claims incurred but not reported, net	748	(2,528)	-	-	(1,780)
Net claims incurred	24,853	69,096	1,245	3	95,197
Change in other technical reserves	11	(241)	-	-	(230)
Changes in premium deficiency reserve	23	-	-	-	23
Policy acquisition costs	2,339	4,641	205	415	7,600
Other underwriting expenses	175	963	-	-	1,138
TOTAL UNDERWRITING COSTS AND EXPENSES	27,401	74,459	1,450	418	103,728
NET UNDERWRITING INCOME	(403)	13,520	646	895	14,658
OTHER OPERATING (EXPENSES) / INCOME					
Release of doubtful debts					6,491
General and administrative expenses					(19,495)
Commission income on deposits					1,091
Realized gain on available-for-sale investments					448
Other income					1
TOTAL OTHER OPERATING (EXPENSES) / INCOME					(11,464)
Income before surplus and zakat and income tax					3,194
Zakat charge for the period					(648)
Income after zakat and income tax					2,546
Income attributed to the insurance operations					(317)
Net income attributed to the shareholders'					2,229

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12. SEGMENTAL INFORMATION - (CONTINUED)

	For the three-months period ended 31 March 2021 (Unaudited)			
	Medical	Motor	Properties and accident	Total
	SR'000	SR'000	SR'000	SR'000
Gross written premium				
Retail	1,415	91,428	2,475	95,318
Micro	16,512	1,283	471	18,266
Small	14,816	341	958	16,115
Medium	6,738	42	3,011	9,791
Large	6,825	-	5,832	12,657
Total	46,306	93,094	12,747	152,147

	For the three-months period ended 31 March 2020 (Unaudited)			
	Medical	Motor	Properties and accident	Total
	SR'000	SR'000	SR'000	SR'000
Gross written premium				
Retail	2,686	84,923	2,223	89,832
Micro	5,998	337	-	6,335
Small	13,372	930	647	14,949
Medium	4,993	212	2,118	7,323
Large	4,344	(471)	11,684	15,557
Total	31,393	85,931	16,672	133,996

12. RELATED PARTY TRANSACTIONS AND BALANCES

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

Related party	Nature of transaction	Transactions for the three-months period ended		Closing balance Receivables / (Payables)	
		31 March 2021 (Unaudited) SR'000	31 March 2020 (Unaudited) SR'000	31 March 2021 (Unaudited) SR'000	31 December 2020 (Audited) SR'000
Board of directors	Premium written	108	289	2,012	1,882
	Claim paid / payment received	(32)	(614)	(879)	(811)
ACIG Bahrain (Shareholder)	Claims paid on behalf of ACIG Bahrain	-	-	1,985	1,985
Board and audit committee	Attendance fees	92	12	-	-

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12. RELATED PARTY TRANSACTIONS AND BALANCES – (CONTINUED)

The compensation of the key management personnel during the three-months period ended 31 March 2021

	31 March 2021 (Unaudited) SR'000	31 March 2020 (Unaudited) SR'000
Salaries and other allowances	1,368	1,381
Employees' terminal benefits	101	102
	<u>1,469</u>	<u>1,483</u>

14. ZAKAT AND INCOME TAX

	31 March 2021 (Unaudited) SR'000	31 December 2020 (Audited) SR'000
Balance at the beginning of the period / year	10,975	8,453
Provided during the period / year	1,300	4,463
Payments during the period / year	-	(1,941)
Balance at the end of the period / year	<u>12,275</u>	<u>10,975</u>

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

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

Income tax:

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

	31 March 2021 (Unaudited) SR'000	31 December 2020 (Audited) SR'000
Balance at the beginning of the period / year	25	25
Provided during the period / year	-	-
Payments during the period / year	-	-
Balance at the end of the period / year	<u>25</u>	<u>25</u>

14. ZAKAT AND INCOME TAX – (CONTINUED)

Status of assessments

Zakat and income tax returns have been filed with the General Authority of Zakat and Tax (“GAZT”) for the years ended up to 31 December 2019. Final certificate has been received from GAZT for the year ended 31 December 2019. However, GAZT has raised an additional assessment in respect of the returns filed for the years ended 31 December 2008, 2009 and 2010 amounting to SR 1.86 million which has been paid. The major difference of additional assessment relates to disallowance of a portion of pre incorporation expenses and withholding tax. The Company has filed an objection against this additional assessment with the preliminary tax objection Committee subsequent to the year end, an adverse decision was received from the preliminary Tax Objection Committee, upon which the Company filed appeal with the Higher Objection Committee. The higher Objection Committee issued its decision in favour of the Company with respect to Zakat and rejected the appeal related to withholding tax. The Company has referred the matter to the Board of Grievance for the case of the withholding tax and raised a letter of guarantee in the amount of 1.83 million and also paid the amount of tax SAR 1.27 million.

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

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

Income tax:

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

15. SHARE CAPITAL

As at 31 December 2020, the authorized, subscribed and paid up share capital of the Company was SR 141 million, divided into 14.1 million shares of SR 10 each.

On 16 January 2020, the Company’s board of directors had recommended reducing the Company’s share capital from SR 200 million to SR 141 million divided into 5.9 million share by off-setting with accumulated losses. In an extra-ordinary general meeting held on 21 Muharram 1441H corresponding to 26 August 2020, the shareholders’ of the Company approved the reduction and the required changes in the Company by-law relating to the reduction. Accordingly, the share capital and accumulated losses have been reduced to SR 141 million. The capital reduction is through the reduction of 1 share for every 3.3898 shares held by the shareholders. The purpose of capital reduction is to restructure the capital position of the Company in order to comply with the Companies Law. There is no impact of reduction in capital on the Company’s financial obligations.

On 21 Jamad Al-Awwal 1441H corresponding to 16 January 2020, the Board of Directors had recommended an increased in the Company’s capital through right issue with a total value of SR 150 million. on 14 Safar 1442H corresponding to 1 October 2020, the Company obtained approval from SAMA. As of the date of approval of these financial statements, the Company is currently in the process of completing the remaining regulatory and legal formalities underlying such increase.

As at 31 March 2021, the authorized, subscribed and paid up share capital of the Company is SR 141 million, divided in to 14.1 million share of 10 each.

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16. EARNINGS PER SHARE

Earnings per share for the period has been calculated by dividing the net income for the period by the weighted average number of issued and outstanding shares for the period. The Company have reduced its share capital by offsetting with accumulated loss (note 15), as result the weighted average number of ordinary shares issued and outstanding in the prior year has been restated to 14.1 million and accordingly earning per share is restated.

A) The weighted average number of shares has been retrospectively adjusted for prior period to reflect the reduction in share capital as required by IAS 33 "Earning per share" as follows:

	31 March 2021 (Unaudited) SR'000	31 March 2020 (Unaudited) (Restated) SR'000
Issued and outstanding ordinary shares as at 1 January	20,000	20,000
Effect of reduction of share capital	(5,900)	(5,900)
Weighted average number of ordinary shares outstanding	14,100	14,100

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

	31 March 2021 (Unaudited) SR'000	31 March 2020 (Unaudited) (Restated) SR'000
Net profit for the period	2,069	2,229
Weighted average number of ordinary shares outstanding	14,100	14,100
Basic earnings per share (SR)	0.15	0.16

17. VALUE ADDED TAX (VAT)

On 28 September 2020, the Company received from General Authority of Zakat and Tax (GAZT) VAT assessments for the years ended 31 December 2018 and 2019 claiming additional liability of SAR 1.78 million and SAR 1.98 million for VAT and SR 2.85 million and SR 1.78 million for related penalties respectively. Management has filled an objection against the said assessments and is confident of receiving a favourable outcome.

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18. SUPPLEMENTARY INFORMATION

STATEMENT OF FINANCIAL POSITION

	31 March 2021 (Unaudited)			31 December 2020 (Audited)		
	Insurance operations	Share-holders' operations	Total	Insurance operations	Share-holders' operations	Total
	SR '000	SR '000	SR '000	SR '000	SR '000	SR '000
ASSETS						
Cash and cash equivalents	66,344	16,718	83,062	72,725	75,251	147,976
Term deposits	119,106	61,304	180,410	119,331	-	119,331
Premiums and reinsurers' receivable, net	109,468	-	109,468	98,638	-	98,638
Reinsurers' share of unearned premiums	30,874	-	30,874	27,393	-	27,393
Reinsurers' share of outstanding claims	12,523	-	12,523	11,908	-	11,908
Reinsurers' share of claims incurred but not reported	8,792	-	8,792	8,020	-	8,020
Deferred policy acquisition cost	35,823	-	35,823	31,659	-	31,659
Due from a related party	1,985	-	1,985	1,985	-	1,985
Property and equipment, net	5,029	-	5,029	5,314	-	5,314
Intangible assets	4,565	-	4,565	4,751	-	4,751
Right-of-use asset, net	4,731	-	4,731	5,222	-	5,222
Available-for-sale investments	-	51,332	51,332	-	49,259	49,259
Prepayments and other receivables	64,072	5,109	69,181	60,076	4,084	64,160
Statutory deposit	-	30,000	30,000	-	30,000	30,000
Accrued commission on statutory deposit	-	1,833	1,833	-	1,794	1,794
TOTAL ASSETS	463,312	166,296	629,608	447,022	160,388	607,410
LIABILITIES						
Policyholders claim payable	8,432	-	8,432	10,142	-	10,142
Accrued and other payables	13,758	1,326	15,084	23,264	899	24,163
Reinsurances' balances payable	23,995	-	23,995	16,661	-	16,661
Unearned commission income	1,656	-	1,656	1,426	-	1,426
Unearned premiums	286,815	-	286,815	264,469	-	264,469
Premium deficiency reserve	4,904	-	4,904	9,516	-	9,516
Other technical reserve	2,554	-	2,554	2,482	-	2,482
Outstanding claims	25,796	-	25,796	26,094	-	26,094
Claims incurred but not reported	71,892	-	71,892	68,643	-	68,643
Employees' terminal benefits	14,244	-	14,244	14,006	-	14,006
Lease liabilities	4,017	-	4,017	4,974	-	4,974
Surplus distribution payable	6,313	-	6,313	6,409	-	6,409
Accrued zakat and income tax	-	12,300	12,300	-	11,000	11,000
Accrued commission on statutory deposit payable to SAMA	-	1,833	1,833	-	1,794	1,794
TOTAL LIABILITIES	464,376	15,459	479,835	448,086	13,693	461,779
EQUITY						
Share capital	-	141,000	141,000	-	141,000	141,000
Retained earnings / (accumulated losses)	-	638	638	-	(1,431)	(1,431)
Fair value reserve on available-for-sale investments	-	9,199	9,199	-	7,126	7,126
TOTAL SHAREHOLDER'S EQUITY	-	150,837	150,837	-	146,695	146,695
Re-measurement reserve of employees' terminal benefits	(1,064)	-	(1,064)	(1,064)	-	(1,064)
TOTAL EQUITY	(1,064)	150,837	149,773	(1,064)	146,695	145,631
TOTAL LIABILITIES AND EQUITY	463,312	166,296	629,608	447,022	160,388	607,410

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18. SUPPLEMENTARY INFORMATION – (CONTINUED)

STATEMENT OF INCOME

	For the three-months period ended			For the three-months period ended		
	31 March 2021 (Unaudited)			31 March 2020 (Unaudited)		
	Insurance operations	Share-holders' operations	Total	Insurance operations	Share-holders' operations	Total
SR '000	SR '000	SR '000	SR '000	SR '000	SR '000	
REVENUES						
Gross premiums written	152,147	-	152,147	133,996	-	133,996
Reinsurance premiums ceded						
-Local	(552)	-	(552)	(1,168)	-	(1,168)
-Foreign	(19,431)	-	(19,431)	(18,328)	-	(18,328)
	(19,983)	-	(19,983)	(19,496)	-	(19,496)
Excess of loss premiums						
-Local	(516)	-	(516)	(666)	-	(666)
-Foreign	(775)	-	(775)	(301)	-	(301)
	(1,291)	-	(1,291)	(967)	-	(967)
Net premiums written	130,873	-	130,873	113,533	-	113,533
Changes in unearned premiums, net	(18,865)	-	(18,865)	2,821	-	2,821
Net premiums earned	112,008	-	112,008	116,354	-	116,354
Reinsurance commission earned	1,481	-	1,481	1,066	-	1,066
Other underwriting income	278	-	278	966	-	966
TOTAL REVENUES	113,767	-	113,767	118,386	-	118,386
Gross claims paid	94,163	-	94,163	112,725	-	112,725
Reinsurers' share of claims paid	(9,269)	-	(9,269)	(9,204)	-	(9,204)
Net claims paid	84,894	-	84,894	103,521	-	103,521
Changes in outstanding claims, net	(913)	-	(913)	(6,544)	-	(6,544)
Changes in incurred but not reported, net	2,477	-	2,477	(1,780)	-	(1,780)
Net claims incurred	86,458	-	86,458	95,197	-	95,197
Change in other technical reserves	72	-	72	(230)	-	(230)
Change in premium deficiency reserve	(4,611)	-	(4,611)	23	-	23
Policy acquisition costs	9,424	-	9,424	7,600	-	7,600
Other underwriting expenses	237	-	237	1,138	-	1,138
TOTAL UNDERWRITING COST AND EXPENSES	91,580	-	91,580	103,728	-	103,728
NET UNDERWRITING RESULT	22,187	-	22,187	14,658	-	14,658
OTHER OPERATING (EXPENSE) / INCOME						
(Allowance for) / Release of doubtful debts	(595)	-	(595)	6,491	-	6,491
General and administrative expenses	(18,395)	(459)	(18,854)	(18,882)	(613)	(19,495)
Commission income on deposits	366	102	468	902	189	1,091
Realized gain on available-for-sale investments	-	-	-	-	448	448
Investment income	-	493	493	-	-	-
Other income	29	-	29	1	-	1
TOTAL OTHER OPERATING (EXPENSES) / INCOME	(18,595)	136	(18,459)	(11,488)	24	(11,464)
INCOME BEFORE SURPLUS, ZAKAT AND INCOME TAX	3,592	136	3,728	3,170	24	3,194

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18. SUPPLEMENTARY INFORMATION – (CONTINUED)

STATEMENT OF INCOME - (CONTINUED)

	For the three-months period ended			For the three-months period ended		
	31 March 2021 (Unaudited)			31 March 2020 (Unaudited)		
	Insurance operations	Share-holders' operations	Total	Insurance operations	Share-holders' operations	Total
	SR '000	SR '000	SR '000	SR '000	SR '000	SR '000
Zakat charge for the period	-	(1,300)	(1,300)	-	(648)	(648)
INCOME AFTER ZAKAT AND INCOME TAX	3,592	(1,164)	2,428	3,170	24	2,546
Transfer of surplus to shareholders'	(3,233)	3,233	-	(2,853)	2,853	-
Net result after transfer of surplus to shareholders	359	2,069	2,428	317	2,229	2,546
Weighted average number of ordinary outstanding shares (in thousands)		14,100			14,100	
Basic earnings per share (Express in SAR per share) – restated – 2020		0.15			0.16	
Income for the period	359	2,069	2,428	317	2,229	2,546
OTHER COMPREHENSIVE INCOME / (LOSS)						
ITEMS THAT ARE OR MAY BE RECLASSIFIED TO STATEMENTS OF INCOME IN SUBSEQUENT PERIOD						
- Available-for-sale investments:						
- Net change in fair value	-	2,073	2,073	-	(3,106)	(3,106)
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD	359	4,142	4,501	317	(877)	(560)

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18. SUPPLEMENTARY INFORMATION – (CONTINUED)

STATEMENT OF CASH FLOWS

	For the three-months period ended			For the three-months period ended		
	31 March 2021 (Unaudited)			31 March 2020 (Unaudited)		
	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 OPERATING ACTIVITIES						
Total income for the period	359	3,369	3,728	317	2,877	3,194
<i>Adjustments for non-cash items:</i>						
Depreciation of property and equipment	399	-	399	276	-	276
Depreciation of right-of-use assets	509	-	509	635	-	635
Finance cost of lease liabilities	42	-	42	62	-	62
Amortization of intangible assets	252	-	252	240	-	240
Provision for employees' terminal benefits	267	-	267	497	-	497
Release of / (Allowance for) doubtful debts	595	-	595	(6,586)	-	(6,586)
<i>Changes in operating assets and liabilities:</i>						
Premiums and reinsurers' receivable	(11,425)	-	(11,425)	(11,603)	-	(11,603)
Reinsurers' share of unearned premiums	(3,481)	-	(3,481)	(6,276)	-	(6,276)
Reinsurers' share of outstanding claims	(615)	-	(615)	(1,142)	-	(1,142)
Reinsurers' share of claims incurred but not reported	(772)	-	(772)	(649)	-	(649)
Deferred policy acquisition costs	(4,164)	-	(4,164)	943	-	943
Due from related party	-	-	-	(225)	-	(225)
Prepayments and other receivables	(3,996)	(1,025)	(5,021)	(9,139)	(157)	(9,296)
Policyholders claim payables	(1,710)	-	(1,710)	9,164	-	9,164
Accrued and other payables	(9,506)	427	(9,079)	2,776	384	3,160
Reinsurers' balances payable	7,334	-	7,334	8,778	-	8,778
Unearned commission income	230	-	230	386	-	386
Unearned premiums	22,346	-	22,346	3,455	-	3,455
Premium deficiency reserve	(4,612)	-	(4,612)	24	-	24
Other technical reserves	72	-	72	(230)	-	(230)
Outstanding claims	(298)	-	(298)	(5,403)	-	(5,403)
Claims incurred but not reported	3,249	-	3,249	(1,131)	-	(1,131)
	(4,925)	2,771	(2,154)	(14,831)	3,104	(11,727)
Employees' terminal benefits paid	(29)	-	(29)	(36)	-	(36)
Surplus paid	(455)	-	(455)	-	-	-
Net cash (used in) / from operating activities	(5,409)	2,771	(2,638)	(14,867)	3,104	(11,763)

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	For the three-months period ended			For the three-months period ended		
	31 March 2021 (Unaudited)			31 March 2020 (Unaudited)		
	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 property and equipment	(114)	-	(114)	(117)	-	(117)
Proceed from sale of property and equipment	-	-	-	140	-	140
Addition in right-of-use assets	(18)	-	(18)	-	-	-
Purchase of Intangible assets	(66)	-	(66)	(206)	-	(206)
Maturity / (placement) of term deposits	225	(61,304)	(61,079)	138,920	55,663	194,583
Net cash from / (used in) investing activities	27	(61,304)	(61,277)	138,737	55,663	194,400
CASH FLOWS FROM FINANCING ACTIVITIES						
Payment of lease liability	(999)	-	(999)	(1,121)	-	(1,121)
Net cash used in financing activities	(999)	-	(999)	(1,121)	-	(1,121)
Net change in cash and cash equivalents	(6,381)	(58,533)	(64,914)	122,749	58,767	181,516
Cash and cash equivalents, beginning of the period	72,725	75,251	147,976	65,320	12,159	77,479
Cash and cash equivalents, end of the period	66,344	16,718	83,062	188,069	70,926	258,995

19. COMPARATIVE FIGURES

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

20. IMPACT OF COVID-19

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

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

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

The major impact of Covid-19 pandemic is seen in medical and motor line of business as explained below. As with any estimate, the projections and likelihoods of occurrence are underpinned by significant judgment and rapidly evolving situation and uncertainties surrounding the duration and severity of the pandemic, and therefore, the actual outcomes may be different to those projected. The impact of such uncertain economic environment is judgmental, and the Company will continue to reassess its position and the related impact on a regular basis.

20. IMPACT OF COVID-19 – (CONTINUED)

Medical technical reserves

Based on the management's assessment, the management believes that the Government's decision to assume the medical treatment costs for both Saudi citizens and expatriates has helped in reducing any unfavourable impact. During the lockdown, the Company saw a decline in medical reported claims (majorly elective and non-chronic treatment claims) which resulted in a drop in claims experience. However, subsequent to the lifting of lockdown since 21 June 2020, the Company is experiencing a surge in claims which is in line with the expectations of the Company's management. The Company's management has duly considered the impact of surge in claims in the current estimate of future contractual cashflows of the insurance contracts in force as at 31 March 2021 for its liability adequacy test. Based on the results, the Company has booked an amount of SR 4.15 million (31 December 2020: 5.06 million) as a premium deficiency reserve.

Motor technical reserves

In response to the Covid-19 pandemic, SAMA issued a circular 189 (the "circular") dated 08 May 2020 to all insurance companies in the Kingdom of Saudi Arabia. Amongst other things, the circular instructed insurance companies to extend the period of validity of all existing retail motor insurance policies by further two months as well as providing a two-month additional coverage for all new retail motor policies written within one month of this circular.

The Management, in conjunction with its appointed actuary, deliberated on a variety of internal factors and concluded, that the Company considers the extension of two months in exiting motor policies as new policy and record a premium deficiency reserve based on the expected claims for the extended two-months period.

For new policies written as per above circular, the premium is earned over the period of coverage i.e 14 month as per the Company accounting policy. There is no significant impact of two-month extension in earned premium as of 31 March 2021 as no material amounts of premium have been written during the one-month period.

The Company has performed a liability adequacy test using current estimates of future cash flows under its insurance contracts at an aggregated (or "segmented") level for motor line of business and recorded a Premium deficiency reserve amounting to SR 0.75 million as at 31 March 2021 (31 December 2020: 4.45 million).

21. APPROVAL OF THE FINANCIAL STATEMENTS

These interim condensed financial statements have been approved by the Board of Directors on 05 May 2021 corresponding to 23 Ramadan 1442H.