

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

**UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITORS' REVIEW REPORT  
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2022**

**ALLIED COOPERATIVE INSURANCE GROUP (ACIG)**  
**(A SAUDI JOINT STOCK COMPANY)**  
**UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS**  
**AS AT 31 MARCH 2022**

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## INDEPENDENT AUDITORS' REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL STATEMENTS

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

### INTRODUCTION

We have reviewed the accompanying interim statement of financial position of Allied Cooperative Insurance Group (ACIG) - a Saudi Joint Stock Company (the "Company") as at 31 March 2022 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.

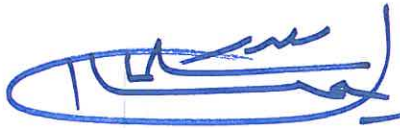
### SCOPE OF REVIEW

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

### CONCLUSION

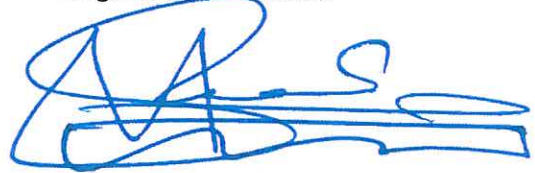
Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' as endorsed in the Kingdom of Saudi Arabia.

**Al Azem, Al Sudairy, Al Shaikh & Partners**  
For Professional Consulting  
P. O. Box 10504  
Riyadh 11443  
Kingdom of Saudi Arabia



**Salman B. Al Sudairy**  
Certified Public Accountant  
License No. 283

**Dr. Mohamed Al-Amri & Co.**  
Certified Public Accountants  
P.O Box 784  
Jeddah 21421  
Kingdom of Saudi Arabia



**Maher A. Al-Khateb**  
Certified Public Accountant  
License No. 514

May 29, 2022  
28 Shawwal, 1443H



**ALLIED COOPERATIVE INSURANCE GROUP (ACIG)**  
**(A SAUDI JOINT STOCK COMPANY)**  
**INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2022**

		SAR '000	
	Notes	31 March 2022 (Unaudited)	31 December 2021 (Audited)
<b>ASSETS</b>			
Cash and cash equivalents	4	187,579	52,973
Term deposits	5	182,846	182,367
Premium and reinsurers' receivable, net	6	111,770	98,415
Reinsurers' share of unearned premiums	8.2	42,385	34,703
Reinsurers' share of outstanding claims	8.1	15,699	12,955
Reinsurers' share of claims incurred but not reported	8.1	8,384	8,498
Deferred policy acquisition cost		45,524	44,053
Due from a related party		1,985	1,985
Property and equipment, net		5,419	5,411
Intangible assets		5,982	5,585
Right of use assets, net	9	5,330	3,229
Available-for-sale investments	7	52,567	50,721
Prepayments and other receivables		69,898	62,834
Accrued commission on statutory deposit		1,902	1,871
Statutory deposit		30,000	30,000
<b>TOTAL ASSETS</b>		<b>767,270</b>	<b>595,600</b>

Chairman of the  
Board of Directors

Acting Chief Executive Officer


Chief Financial Officer


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

**ALLIED COOPERATIVE INSURANCE GROUP (ACIG)**  
**(A SAUDI JOINT STOCK COMPANY)**  
**INTERIM STATEMENT OF FINANCIAL POSITION-(CONTINUED)**  
**AS AT 31 MARCH 2022**

AS AT 31 MARCH 2022

		SAR '000	
	Notes	31 March 2022 (Unaudited)	31 December 2021 (Audited)
<b><u>LIABILITIES</u></b>			
Policyholders claim payable		8,784	20,789
Accrued and other payables		37,439	18,955
Reinsurance balances payable		33,864	24,749
Unearned commission income		1,369	1,261
Unearned premiums	8.2	331,091	301,744
Premium deficiency reserve	8.1	40,046	35,727
Other technical reserves	8.1	1,764	1,798
Outstanding claims	8.1	40,525	34,605
Claims incurred but not reported	8.1	76,366	80,865
Employees' terminal benefits		13,055	12,968
Lease liabilities	10	3,861	2,983
Surplus distribution payable		5,991	5,991
Zakat and income tax	14	15,413	19,258
Accrued commission on statutory deposit payable to SAMA		1,902	1,871
<b>TOTAL LIABILITIES</b>		<b>611,470</b>	<b>563,564</b>
<b><u>EQUITY</u></b>			
Share capital		291,000	141,000
Accumulated losses		(144,097)	(116,015)
Fair values reserve on available-for-sale investments		10,434	8,588
		<b>157,337</b>	<b>33,573</b>
Re-measurement reserve of employees' terminal benefits		(1,537)	(1,537)
<b>TOTAL EQUITY</b>		<b>155,800</b>	<b>32,036</b>
<b><u>TOTAL LIABILITIES AND EQUITY</u></b>		<b>767,270</b>	<b>595,600</b>
<b>COMMITMENTS AND CONTINGENCIES</b>		<b>4,449</b>	<b>2,998</b>

  
Chairman of the  
Board of Directors

  
Acting Chief Executive Officer

  
Chief Executive Officer

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

**ALLIED COOPERATIVE INSURANCE GROUP (ACIG)**  
**(A SAUDI JOINT STOCK COMPANY)**  
**INTERIM STATEMENT OF INCOME-(UNAUDITED)**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2022**

	<b>SAR'000</b>	
<b>Notes</b>	<b>31 March 2022 (Unaudited)</b>	<b>31 March 2021 (Unaudited)</b>
<b>REVENUES</b>		
Gross premiums written	177,838	152,147
Reinsurance premiums ceded		
-Local	(1,140)	(552)
-Foreign	(24,373)	(19,431)
	(25,513)	(19,983)
Excess of loss premiums		
-Local	(94)	(516)
-Foreign	(372)	(775)
	(466)	(1,291)
Net written premiums	151,859	130,873
Changes in unearned premiums, net	(21,662)	(18,865)
<b>Net premiums earned</b>	<b>130,197</b>	<b>112,008</b>
Reinsurance commission earned	809	1,481
Other underwriting income	-	278
<b>NET REVENUES</b>	<b>131,006</b>	<b>113,767</b>
<b>UNDERWRITING COSTS AND EXPENSES</b>		
Gross claims paid	129,297	94,163
Reinsurers' share of claims paid	(10,760)	(9,269)
<b>NET CLAIMS PAID</b>	<b>118,537</b>	<b>84,894</b>
Changes in outstanding claims, net	3,290	(913)
Changes in incurred but not reported claims, net	(4,499)	2,477
<b>Net claims and other benefits incurred</b>	<b>117,328</b>	<b>86,458</b>
Change in other technical reserves	(34)	72
Change in premium deficiency reserve	4,319	(4,611)
Policy acquisition costs	18,610	9,424
Other underwriting expenses	686	237
<b>TOTAL UNDERWRITING COSTS AND EXPENSES</b>	<b>140,909</b>	<b>91,580</b>
<b>NET UNDERWRITING (LOSS) / INCOME</b>	<b>(9,903)</b>	<b>22,187</b>
<b>OTHER OPERATING (EXPENSES) / INCOME</b>		
Charge for doubtful debts	(999)	(595)
General and administrative expenses	(19,820)	(18,854)
Commission income on deposits	636	468
Investment income	504	493
Other income	-	29
<b>TOTAL OTHER OPERATING EXPENSES</b>	<b>(19,679)</b>	<b>(18,459)</b>
<b>NET (LOSS) / INCOME FOR THE YEAR BEFORE ZAKAT AND INCOME TAX AND SURPLUS ATTRIBUTION</b>	<b>(29,582)</b>	<b>3,728</b>
Zakat and income tax reversed / (charged) for the period	1,500	(1,300)
<b>TOTAL (LOSS) / PROFIT FOR THE PERIOD</b>	<b>(28,082)</b>	<b>2,428</b>
<b>NET (LOSS) / INCOME ATTRIBUTABLE TO THE INSURANCE OPERATIONS</b>	<b>-</b>	<b>(359)</b>
<b>Net (loss) / profit for the period attributable to shareholders</b>	<b>(28,082)</b>	<b>2,069</b>
<b>Weighted average number of ordinary shares outstanding (in thousands)</b>	<b>17,933</b>	<b>14,100</b>
<b>Basic and diluted loss per share for the period (SAR)</b>	<b>(1.57)</b>	<b>0.15</b>

Chairman of the Board of Directors

Acting Chief Executive Officer

Chief Financial Officer

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

**ALLIED COOPERATIVE INSURANCE GROUP (ACIG)**  
**(A SAUDI JOINT STOCK COMPANY)**  
**INTERIM STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2022**

	Notes	SAR'000	
		31 March 2022 (Unaudited)	31 March 2021 (Unaudited)
TOTAL (LOSS) / PROFIT FOR THE PERIOD		(28,082)	2,428

**ITEMS THAT MAY BE RECLASSIFIED TO  
STATEMENT OF INCOME IN SUBSEQUENT  
PERIODS**

*Available-for-sale investments:*

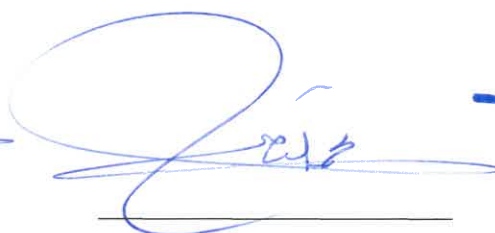
- Net change in fair values		1,846	2,073
TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE PERIOD		(26,236)	4,501

TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO THE INSURANCE OPERATIONS		-	(359)
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TOTAL COMPREHENSIVE (LOSS) / INCOME ATTRIBUTABLE TO THE SHAREHOLDERS OPERATIONS		(26,236)	4,142
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*Few*  
Chairman of the  
Board of Directors



*Acting*  
Chief Executive Officer



Chief Financial Officer


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



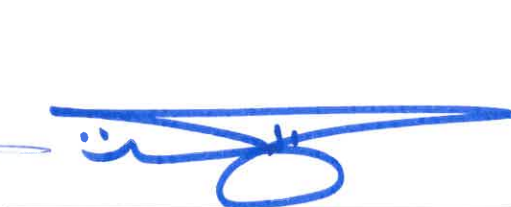
**ALLIED COOPERATIVE INSURANCE GROUP (ACIG)**  
**(A SAUDI JOINT STOCK COMPANY)**  
**INTERIM STATEMENT OF CHANGES IN EQUITY**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2022**

	SAR'000				
	Share capital	Accumulated losses	Fair value reserve on available-for-sale investments	Re-measurement reserve of employees' terminal benefits	Total
<b>31 March 2022</b>					
<b>Balance as at 01 January, 2022 (Audited)</b>	141,000	(116,015)	8,588	(1,537)	32,036
Change in fair value reserve on available-for-sale investments (Note 7)	-	-	1,846	-	1,846
Increase in share capital through right issue	150,000	-	-	-	150,000
Net loss for the period attributable to the shareholders	-	(28,082)	-	-	(28,082)
<b>Total comprehensive (loss) / income attributable to the shareholders</b>	150,000	(28,082)	1,846	-	123,764
<b>Balance as at 31 March 2022 (Unaudited)</b>	291,000	(144,097)	10,434	(1,537)	155,800

	SAR'000				
	Share capital	Accumulated losses	Fair value reserve on available-for-sale investments	Re-measurement reserve of employees' terminal benefits	Total
<b>31 March 2021</b>					
<b>Balance as at 01 January, 2021 (Audited)</b>	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
Net loss for the period attributable to the shareholders	-	2,069	-	-	2,069
<b>Total comprehensive income attributable to the shareholders</b>	-	2,069	2,073	-	4,142
<b>Balance as at 31 March 2021 (Unaudited)</b>	141,000	638	9,199	(1,064)	149,773

  
 For Chairman of the Board of Directors

  
 Acting Chief Executive Officer

  
 Chief Financial Officer

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



**ALLIED COOPERATIVE INSURANCE GROUP (ACIG)**  
**(A SAUDI JOINT STOCK COMPANY)**  
**INTERIM STATEMENT OF CASH FLOWS-(UNAUDITED)**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2022**

	SAR '000	
	31 March 2022 (Unaudited)	31 March 2021 (Unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss) / income for the period before zakat	(29,582)	3,728
<b>Adjustments for non-cash items:</b>		
Depreciation of property and equipment	493	399
Depreciation on right of use assets	646	509
Finance cost of lease liability	2,747	42
Amortisation of intangible assets	305	252
Employees' terminal benefits	841	267
Provision charge for doubtful debts	999	595
	(23,551)	5,792
<b>Changes in operating assets and liabilities:</b>		
Premiums and reinsurers' receivable	(14,354)	(11,425)
Reinsurers' share of unearned premiums	(7,682)	(3,481)
Reinsurers' share of outstanding claims	(2,744)	(615)
Reinsurers' share of claims incurred but not reported	114	(772)
Deferred policy acquisition costs	(1,471)	(4,164)
Due from a related party	-	-
Prepayments and other receivables	(11,769)	(5,021)
Policyholders claims payable	(12,005)	(1,710)
Accrued and other payables	20,844	(9,079)
Reinsurance payables	9,115	7,334
Unearned commission income	108	230
Unearned premiums	29,347	22,346
Premium deficiency reserve	4,319	(4,612)
Other technical reserves	(34)	72
Outstanding claims	5,920	(298)
Claims incurred but not reported	(4,499)	3,249
	(8,342)	(2,154)
Employees' terminal benefits paid	(755)	(29)
Surplus paid to policyholder	-	(455)
<b>Net cash used in operating activities</b>	<b>(9,097)</b>	<b>(2,638)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(501)	(114)
Purchase of intangible assets	(701)	-
Payment of lease liability	(4,616)	(1,017)
Placement of term deposits	(479)	(66)
Proceed from sale of available-for-sale investments	-	(61,079)
<b>Net cash used in investing activities</b>	<b>(6,297)</b>	<b>(62,276)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Issuance of share capital	150,000	-
<b>Net cash generated from financing activities</b>	<b>150,000</b>	<b>-</b>
Net change in cash and cash equivalents	134,606	(64,914)
Cash and cash equivalents, beginning of the period	52,973	147,976
<b>Cash and cash equivalents, end of the period</b>	<b>187,579</b>	<b>83,062</b>
<b>NON-CASH INFORMATION</b>		
Change in fair value of available-for-sale investments	1,846	2,073
Additions in right of use assets	2,747	18

Chairman of the  
Board of Directors

Acting Chief Executive Officer

Chief Financial Officer

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

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2022**

**1 ORGANIZATION AND PRINCIPAL ACTIVITIES**

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

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

The Company has 3 registered branches as set out below:

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

**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 2022 have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” (IAS 34) as endorsed in Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”).

**(b) Basis of preparation and measurement**

The Company incurred loss for the three months period ended 31 March 2022 of SAR 28 million (31 March 2021: Profit for three-month period ended was SAR 2 million) and, as of that date, the accumulated losses of the Company as at 31 March 2022 are 49% of its share capital (82%: 31 December 2022) and the solvency margin of the Company reached to 91 % (31 December 2021: -117%). The reason for these losses is primarily attributed to unexpected increase in the number of motor accidents and the average motor claims cost (including policy acquisition cost) across the Kingdom of Saudi Arabia. Owing to these factors, the Company has recorded premium deficiency reserve and claims incurred but not reported as at period end for motor line of business, amounting to SAR 40.1 million (31 December 2021: SAR 35.7 million) and SAR 50 million (31 December 2021: SAR 53.1 million) respectively, along with its policy acquisition cost of SAR 18.6 million during the current period as compared to SAR 9.4 million during the compared period. These events and conditions indicate material uncertainties on the Company’s ability to continue as going concern.

Considering the above, various strategic options including capital restructuring were considered by the Board of Directors to ensure appropriateness of the Company’s going concern assumption as at year end. Amongst such strategic options, the Board of Directors approved a business plan for 2022 on 21 December 2021. The plan is based on the adjusted prices for motor line of business for improving the net premium written and control over expenses and loss ratios. Moreover, the Shareholders, in an extraordinary general assembly meeting held on 29 December 2021, resolved to increase the share capital by SAR 150 million (representing 15 million shares) by way of right issue to further strength its liquidity position. The above right issue process was completed in tranches during the three-month period ended 31 March 2022 and the resulting total proceeds from the right issue was received on 7 March 2022 (Refer to Note 15).

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

**ALLIED COOPERATIVE INSURANCE GROUP (ACIG)****(A SAUDI JOINT STOCK COMPANY)****NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS-(CONTINUED)  
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2022****2 BASIS OF PREPARATION-(CONTINUED)****(b) Basis of preparation and measurement-(Continued)**

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

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

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

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

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

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

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

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

**(c) Functional and presentation currency**

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

**d) Fiscal year**

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

**e) Critical accounting judgments, estimates and assumptions**

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

## ALLIED COOPERATIVE INSURANCE GROUP (ACIG)

### (A SAUDI JOINT STOCK COMPANY)

#### NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS-(CONTINUED) FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2022

## 2 BASIS OF PREPARATION-(CONTINUED)

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

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

## 3 SIGNIFICANT ACCOUNTING POLICIES

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

## A STANDARDS ISSUED BUT NOT YET EFFECTIVE

### IFRS 9 - Financial Instruments

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

#### a) Classification and measurement:

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

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

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

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

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

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

#### b) Impairment:

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

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**3 SIGNIFICANT ACCOUNTING POLICIES-(CONTINUED)**

**A STANDARDS ISSUED BUT NOT YET EFFECTIVE-(CONTINUED)**

**IFRS 9 - Financial Instruments-"(Continued)"**

**Effective date:**

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

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

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

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

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

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

**Impact assessment**

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

**IFRS 17 - "Insurance Contracts"**

**Overview**

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

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

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

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

**Measurement**

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

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**3 SIGNIFICANT ACCOUNTING POLICIES-(CONTINUED)**

**A STANDARDS ISSUED BUT NOT YET EFFECTIVE-(CONTINUED)**

**IFRS 17 - “Insurance Contracts”-(Continued)**

**Measurement-(Continued)**

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

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

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

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

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

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

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

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

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

**Effective date**

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

**Transition**

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

**Presentation and Disclosures**

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

**Impact:**

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

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FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2022****3 SIGNIFICANT ACCOUNTING POLICIES-(CONTINUED)****A STANDARDS ISSUED BUT NOT YET EFFECTIVE-(CONTINUED)****IFRS 17 - "Insurance Contracts"-(Continued)****Impact:-(Continued)**

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

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



**ALLIED COOPERATIVE INSURANCE GROUP (ACIG)****(A SAUDI JOINT STOCK COMPANY)****NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS-(CONTINUED)  
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2022****3 SIGNIFICANT ACCOUNTING POLICIES-(CONTINUED)****A STANDARDS ISSUED BUT NOT YET EFFECTIVE-(CONTINUED)****IFRS 17 - "Insurance Contracts"-(Continued)****Impact:-(Continued)**

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

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

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

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

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**4 CASH AND CASH EQUIVALENTS**

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

		<b>SAR'000</b>	
		<b>31 March 2022</b>	<b>31 December 2021</b>
		<b>(Unaudited)</b>	<b>(Audited)</b>
<b><i>Insurance operations</i></b>			
Bank balances and cash		<b>97,310</b>	49,928
Deposits maturing within 3 month from the acquisition date	4.1	<b>4,450</b>	3,045
		<b>101,760</b>	52,973
<b><i>Shareholders' operations</i></b>			
Bank balances and cash		<b>85,819</b>	-
Deposits maturing within 3 month from the acquisition date	4.1	<b>-</b>	-
		<b>85,819</b>	-
		<b>187,579</b>	52,973

**4.1** These deposits earn commission at an average rate of 1.2% per annum as at 31 March, 2022 (31 December 2021: 1.2%).

**5 TERM DEPOSITS**

		<b>SAR'000</b>	
		<b>31 March 2022</b>	<b>31 December 2021</b>
		<b>(Unaudited)</b>	<b>(Audited)</b>
<b><i>Insurance operations</i></b>			
Term deposits	5.1	<b>182,846</b>	182,367
		<b>182,846</b>	182,367
<b><i>Shareholders' operations</i></b>			
Term deposits	5.1	<b>-</b>	-
		<b>-</b>	-
		<b>182,846</b>	182,367

**5.1** Term deposits are held with the commercial banks. These term deposits are denominated in Saudi Arabian Riyals and have been an original maturity of more than three months and less than twelve months. The carrying amounts of these term deposits reasonably approximate their fair values at the reporting date. These deposit earn commission at an average of 1.48% per annum as at 31 March 2022 (31 December 2021: 1.07%) .

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**6 PREMIUM AND REINSURERS' RECEIVABLE, NET**

Receivables comprise amounts due from the following:

	<b>SAR'000</b>	
	<b>31 March 2022</b>	<b>31 December 2021</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Due from policyholders	72,795	56,009
Due from policyholders – related parties – (note 13)	-	1,820
Due from brokers and agents	44,177	44,646
Receivables from reinsurers	6,304	6,447
	<b>123,276</b>	<b>108,922</b>
Less: Allowance for doubtful debts (note 6.1)	<b>(11,506)</b>	<b>(10,507)</b>
Premium and reinsurers' receivable – net	<b>111,770</b>	<b>98,415</b>

**6.1** As at 31 March 2022, the movement in allowance for doubtful debts during the period / year was as follows:

	<b>SAR'000</b>	
	<b>31 March 2022</b>	<b>31 December 2021</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Balance at the beginning of the period / year	10,507	8,723
Provided / (released) during the period / year	999	1,784
Balance at end of period / year	<b>11,506</b>	<b>10,507</b>

**7 AVAILABLE-FOR-SALE INVESTMENTS**

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

a) Investment securities are classified as follows:

	<b>SAR'000</b>	
	<b>31 March 2022</b>	<b>31 December 2021</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Investment in Sukuk	20,000	20,000
Quoted securities	13,839	11,508
Unquoted securities	1,923	1,923
Quoted local real estate fund	16,805	17,290
	<b>52,567</b>	<b>50,721</b>

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**7 AVAILABLE-FOR-SALE INVESTMENTS (CONTINUED)**

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

	SAR'000			
	Investment in Sukuk	Quoted securities	Unquoted securities	Units in quoted local real estate fund
				Total
As at 01 January 2022 – (audited)	20,000	11,508	1,923	17,290
Changes in fair value of investments	-	2,331	-	(485)
As at 31 March 2022– (unaudited)	20,000	13,839	1,923	16,805

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

**8 TECHNICAL RESERVES (INSURANCE OPERATIONS)**
**8.1 Net outstanding claims and reserves**

Net outstanding claims and reserves comprise of the following:

	SAR'000	
	31 March 2022 (Unaudited)	31 December 2021 (Audited)
Outstanding claims	40,525	34,605
	40,525	34,605
Claims incurred but not reported	76,366	80,865
Premium deficiency reserve	40,046	35,727
Other technical reserves	1,764	1,798
	158,701	152,995
Less:		
Reinsurers' share of outstanding claims	(15,699)	(12,955)
Reinsurers' share of claims incurred but not reported	(8,384)	(8,498)
	(24,083)	(21,453)
Net outstanding claims and reserves	134,618	131,542

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Movement in unearned premiums comprise of the following:

	<b>For the three month period ended March 31, 2022</b>		
	<b>(Unaudited)</b>		
	<b>SAR'000</b>		
	<b>Gross</b>	<b>Reinsurance</b>	<b>Net</b>
Balance as at the beginning of the period	<b>301,744</b>	<b>(34,703)</b>	<b>267,041</b>
Premium written during the period	<b>177,838</b>	<b>(25,979)</b>	<b>151,859</b>
Premium earned during the period	<b>(148,491)</b>	<b>18,297</b>	<b>(130,194)</b>
Balance as at the end of the period	<b>331,091</b>	<b>(42,385)</b>	<b>288,706</b>

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

**9 RIGHT OF USE ASSETS, NET**

	<b>SAR'000</b>	
	<b>31 March 2022</b>	<b>31 December 2021</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
<b>Cost:</b>		
At beginning of the period / year	<b>10,091</b>	10,073
Additions	<b>2,747</b>	18
As at end of period / year	<b>12,838</b>	10,091
<b>Accumulated amortization</b>		
At beginning of the period / year	<b>(6,862)</b>	(4,851)
Charge for the period / year	<b>(646)</b>	(2,011)
As at end of period / year	<b>(7,508)</b>	(6,862)
<b>Net book value</b>	<b>5,330</b>	3,229

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	<b>SAR'000</b>	
	<b>31 March 2022</b>	<b>31 December 2021</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
<b>Liabilities:</b>		
At beginning of the period / year	<b>10,736</b>	10,593
Finance cost	<b>2,747</b>	143
As at end of period / year	<b>13,483</b>	10,736
<b>Payments:</b>		
At beginning of the period / year	<b>(7,753)</b>	(5,619)
Paid during the period / year	<b>(1,869)</b>	(2,134)
As at end of period / year	<b>(9,622)</b>	(7,753)
<b>Total lease liabilities</b>	<b>3,861</b>	2,983

**11 STATUTORY DEPOSIT**

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

As required by Saudi Arabian Insurance Regulations, the Company had deposited 15% of its initial pre-reduction paid up capital of SAR 200 million (Note 15), in a bank designated by the Saudi Central Bank (SAMA). The Company cannot withdraw this deposit without SAMA's approval and commission accruing on this deposit is payable to SAMA.

**12 SEGMENTAL INFORMATION**

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

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

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

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

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

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**12 SEGMENTAL INFORMATION (CONTINUED)**

	As at 31 March 2022 (Unaudited)						
	Medical	Motor	General Accident	Others	Total - Insurance Operations	Shareholders' Operations	Total
	SAR'000						
<b>Assets</b>							
Cash and cash equivalents	-	-	-	-	101,760	85,819	187,579
Term deposits	-	-	-	-	182,846	-	182,846
Premiums and reinsurers' receivable - net	-	-	-	-	111,770	-	111,770
Reinsurers' share of unearned premiums	26,728	-	5,257	10,400	42,385	-	42,385
Reinsurers' share of outstanding claims	7,379	3,399	3,090	1,831	15,699	-	15,699
Reinsurers' share of claims incurred but not reported	7,604	-	324	456	8,384	-	8,384
Deferred policy acquisition costs	4,775	39,319	918	512	45,524	-	45,524
Available-for-sale investments	-	-	-	-	52,567	-	52,567
Unallocated assets	-	-	-	-	31,338	89,178	120,516
<b>Total assets</b>	<b>46,486</b>	<b>42,718</b>	<b>9,589</b>	<b>13,199</b>	<b>592,273</b>	<b>174,997</b>	<b>767,270</b>
<b>Liabilities</b>							
Policyholders claim payable	-	-	-	-	8,784	-	8,784
Reinsurers' balances payable	-	-	-	-	33,864	-	33,864
Unearned premiums	89,305	209,816	20,788	11,182	331,091	-	331,091
Unearned commission income	-	-	398	971	1,369	-	1,369
Outstanding claims	20,337	10,487	8,666	1,035	40,525	-	40,525
Claims incurred but not reported	21,301	50,007	4,468	590	76,366	-	76,366
Premium deficiency reserves	-	40,046	-	-	40,046	-	40,046
Other technical reserves	279	1,259	201	25	1,764	-	1,764
Unallocated liabilities and equity	-	-	-	-	58,464	174,997	233,461
<b>Total liabilities and insurance operations` surplus</b>	<b>131,222</b>	<b>311,615</b>	<b>34,521</b>	<b>13,803</b>	<b>592,273</b>	<b>174,997</b>	<b>767,270</b>



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**12 SEGMENTAL INFORMATION (CONTINUED)**

	As at 31 December 2021 (Audited)						
	Medical	Motor	General Accident	Others	Total - Insurance Operations	Shareholders' Operations	Total
	SAR'000						
<b>Assets</b>							
Cash and cash equivalents	-	-	-	-	52,973	-	52,973
Term Deposits					182,367	-	182,367
Premiums and reinsurers' receivable - net	-	-	-	-	98,415	-	98,415
Reinsurers' share of unearned premiums	17,798	-	5,309	11,596	34,703	-	34,703
Reinsurers' share of outstanding claims	6,089	3,399	1,464	2,003	12,955	-	12,955
Reinsurers' share of claims Incurred but not	7,719	-	324	455	8,498	-	8,498
Deferred policy acquisition costs	3,858	38,906	728	561	44,053	-	44,053
Available-for-sale investments	-	-	-	-	50,721	-	50,721
Unallocated assets	-	-	-	-	23,439	87,476	110,915
<b>Total assets</b>	<b>35,464</b>	<b>42,305</b>	<b>7,825</b>	<b>14,615</b>	<b>508,124</b>	<b>87,476</b>	<b>595,600</b>
<b>Liabilities</b>							
Policyholders claim payable	-	-	-	-	20,789	-	20,789
Reinsurers' balances payable	-	-	-	-	24,749	-	24,749
Unearned premiums	70,575	200,688	17,944	12,537	301,744	-	301,744
Unearned commission income	-	-	320	941	1,261	-	1,261
Outstanding claims	17,670	8,149	7,569	1,217	34,605	-	34,605
Claims incurred but not reported	22,679	53,128	4,468	590	80,865	-	80,865
Premium deficiency reserves	-	35,727	-	-	35,727	-	35,727
Other technical reserves	279	1,303	188	28	1,798	-	1,798
Unallocated liabilities and equity	-	-	-	-	6,586	87,476	94,062
<b>Total liabilities and insurance operations` surplus</b>	<b>111,203</b>	<b>298,995</b>	<b>30,489</b>	<b>15,313</b>	<b>508,124</b>	<b>87,476</b>	<b>595,600</b>

**ALLIED COOPERATIVE INSURANCE GROUP (ACIG)**
**(A SAUDI JOINT STOCK COMPANY)**
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS-(CONTINUED)**
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2022**
**12 SEGMENTAL INFORMATION (CONTINUED)**

For the three-month period ended 31 March 2022

	Medical	Motor	General Accident	Others	Total Insurance Operations	Shareholders' Operations	Total
	SAR'000						
<b>REVENUES</b>							
Gross premiums written	58,838	106,954	6,846	5,200	177,838	-	177,838
Reinsurance premiums ceded							
-Local	-	-	(97)	(1,043)	(1,140)	-	(1,140)
-Foreign	(19,409)	-	(1,291)	(3,673)	(24,373)	-	(24,373)
	(19,409)	-	(1,388)	(4,716)	(25,513)	-	(25,513)
Excess of loss premiums							
-Local	-	(94)	-	-	(94)	-	(94)
-Foreign	-	(351)	(4)	(17)	(372)	-	(372)
	-	(445)	(4)	(17)	(466)	-	(466)
Net premiums written	39,429	106,509	5,454	467	151,859	-	151,859
Changes in unearned premiums, net	(9,800)	(9,128)	(2,896)	162	(21,662)	-	(21,662)
Net premiums earned	29,629	97,381	2,558	629	130,197	-	130,197
Reinsurance commission income	-	-	120	689	809	-	809
Other underwriting income	-	-	-	-	-	-	-
<b>TOTAL REVENUES</b>	<b>29,629</b>	<b>97,381</b>	<b>2,678</b>	<b>1,318</b>	<b>131,006</b>	<b>-</b>	<b>131,006</b>
<b>UNDERWRITING COSTS AND EXPENSES</b>							
Gross claims paid	31,933	96,994	259	111	129,297	-	129,297
Reinsurers' share of claims paid	(10,652)	-	(3)	(105)	(10,760)	-	(10,760)
Net claims paid	21,281	96,994	256	6	118,537	-	118,537
Changes in outstanding claims, net	1,492	2,338	(528)	(12)	3,290	-	3,290
Changes in claims incurred but not reported, net	(1,378)	(3,121)	-	-	(4,499)	-	(4,499)
Net claims incurred	21,395	96,211	(272)	(6)	117,328	-	117,328
Change in loss adjustment expenses	-	(44)	12	(2)	(34)	-	(34)
Changes in premium deficiency reserve	-	4,319	-	-	4,319	-	4,319
Policy acquisition costs	2,585	15,517	162	346	18,610	-	18,610
Other underwriting expenses	627	59	-	-	686	-	686
<b>TOTAL UNDERWRITING COSTS AND EXPENSES</b>	<b>24,607</b>	<b>116,062</b>	<b>(98)</b>	<b>338</b>	<b>140,909</b>	<b>-</b>	<b>140,909</b>
<b>NET UNDERWRITING INCOME/(LOSS)</b>	<b>5,022</b>	<b>(18,681)</b>	<b>2,580</b>	<b>980</b>	<b>(9,903)</b>	<b>-</b>	<b>(9,903)</b>
<b>OTHER OPERATING (EXPENSES) / INCOME</b>							
Allowance for doubtful debts					(999)	-	(999)
General and administrative expenses					(20,933)	1,113	(19,820)
Commission income on deposits					504	132	636
Investment income					-	504	504
Other income					-	-	-
<b>TOTAL OTHER OPERATING EXPENSES / INCOME</b>					<b>(21,428)</b>	<b>1,749</b>	<b>(19,679)</b>
Income for the period							(29,582)
Zakat charge for the period							1,500
Net deficit							(28,082)
Loss transferred to shareholders							28,082
<b>NET RESULT AFTER TRANSFER OF SURPLUS TO SHAREHOLDERS</b>							-

**ALLIED COOPERATIVE INSURANCE GROUP (ACIG)**
**(A SAUDI JOINT STOCK COMPANY)**
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS-(CONTINUED)**
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2022**
**12 SEGMENTAL INFORMATION**

	For the three-months period ended 31 March 2021						
	Medical	Motor	General Accident	Others	Total Insurance Operations	Shareholders' Operations	Total
	SAR'000						
<b>REVENUES</b>							
Gross premiums written	46,306	93,094	5,001	7,746	152,147	-	152,147
Reinsurance premiums ceded							
-Local	(102)	-	(33)	(417)	(552)	-	(552)
-Foreign	(11,245)	-	(1,532)	(6,654)	(19,431)	-	(19,431)
	(11,347)	-	(1,565)	(7,071)	(19,983)	-	(19,983)
Excess of loss premiums							
-Local	-	(470)	(2)	(44)	(516)	-	(516)
-Foreign	-	(705)	(2)	(68)	(775)	-	(775)
	-	(1,175)	(4)	(112)	(1,291)	-	(1,291)
Net premiums written	34,959	91,919	3,432	563	130,873	-	130,873
Changes in unearned premiums, net	(7,902)	(10,107)	(638)	(218)	(18,865)	-	(18,865)
Net premiums earned	27,057	81,812	2,794	345	112,008	-	112,008
Reinsurance commission income	-	-	146	1,335	1,481	-	1,481
Other underwriting income	57	-	221	-	278	-	278
<b>TOTAL REVENUES</b>	<b>27,114</b>	<b>81,812</b>	<b>3,161</b>	<b>1,680</b>	<b>113,767</b>	<b>-</b>	<b>113,767</b>
<b>UNDERWRITING COSTS AND EXPENSES</b>							
Gross claims paid	31,134	62,623	319	87	94,163	-	94,163
Reinsurers' share of claims paid	(9,225)	-	(8)	(36)	(9,269)	-	(9,269)
Net claims paid	21,909	62,623	311	51	84,894	-	84,894
Changes in outstanding claims, net	(620)	(897)	609	(5)	(913)	-	(913)
Changes in claims incurred but not reported, net	1,429	1,048	-	-	2,477	-	2,477
Net claims incurred	22,718	62,774	920	46	86,458	-	86,458
Change in other technical reserve	22	23	19	8	72	-	72
Changes in premium deficiency reserve	(905)	(3,706)	-	-	(4,611)	-	(4,611)
Policy acquisition costs	2,245	6,657	193	329	9,424	-	9,424
Other underwriting expenses	8	229	-	-	237	-	237
<b>TOTAL UNDERWRITING COSTS AND EXPENSES</b>	<b>24,088</b>	<b>65,977</b>	<b>1,132</b>	<b>383</b>	<b>91,580</b>	<b>-</b>	<b>91,580</b>
<b>NET UNDERWRITING INCOME</b>	<b>3,026</b>	<b>15,835</b>	<b>2,029</b>	<b>1,297</b>	<b>22,187</b>	<b>-</b>	<b>22,187</b>
<b>OTHER OPERATING (EXPENSES) / INCOME</b>							
Release of doubtful debts					(595)	-	(595)
General and administrative expenses					(18,395)	(459)	(18,854)
Commission income on deposits					366	102	468
Investment income					-	493	493
Other income					29	-	29
<b>TOTAL OTHER OPERATING EXPENSES, NET</b>					<b>(18,595)</b>	<b>136</b>	<b>(18,459)</b>
Income for the period							3,728
Zakat charge for the period							(1,300)
Net profit for the period							2,428
NET INCOME ATTRIBUTED TO THE INSURANCE OPERATIONS							(359)
<b>NET PROFIT ATTRIBUTABLE TO THE SHAREHOLDERS</b>							<b>2,069</b>

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

**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2022**

**12 SEGMENTAL INFORMATION (CONTINUED)**

	For the three-month period ended 31 March 2022			
	Medical	Motor	Properties and accident	Total
	SAR'000			
<b><u>Gross premiums written</u></b>				
Individual	632	104,453	4,930	110,015
Micro enterprise	25,823	1,242	277	27,342
Small	10,771	911	988	12,670
Medium	2,986	196	3,659	6,841
Large	18,626	152	2,192	20,970
<b>TOTAL GROSS PREMIUMS WRITTEN</b>	<b>58,838</b>	<b>106,954</b>	<b>12,046</b>	<b>177,838</b>

	For the three-months period ended 31 March 2021			
	Medical	Motor	Properties and accident	Total
	SAR'000			
<b><u>Gross premiums written</u></b>				
Individual	1,415	91,428	2,475	95,318
Micro enterprise	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
<b>TOTAL GROSS PREMIUMS WRITTEN</b>	<b>46,306</b>	<b>93,094</b>	<b>12,747</b>	<b>152,147</b>

**ALLIED COOPERATIVE INSURANCE GROUP (ACIG)****(A SAUDI JOINT STOCK COMPANY)****NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS****FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2022****13 RELATED PARTY TRANSACTIONS AND BALANCES**

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

Related parties	Nature of transaction	Transactions for the three months period ended		Balance receivable / (payable) as at	
		31 March 2022	31 March 2021	31 March 2022	31 December, 2021
		(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
		SAR'000			
Board of directors	Premuim written	-	145	-	-
Affiliates	Premuim written	-	305	-	1,881
	Claims paid/ payment received	-	-	(187)	(811)
ACIG Bahrain (Shareholder)	Claims paid on behalf of ACIG Bahrain	-	-	1,985	1,985
Board and audit committee	Attendance fees	41	92	-	-

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

	SAR'000	
	31 March 2022 (Unaudited)	31 March 2021 (Unaudited)
Salaries and other allowances	990	1,368
Employees' terminal benefits	70	101
	1,060	1,469

**ALLIED COOPERATIVE INSURANCE GROUP (ACIG)**  
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**14 ZAKAT AND INCOME TAX**

	<b>SAR'000</b>	
	<b>31 March 2022</b>	<b>31 December 2021</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Balance at the beginning of the period / year	<b>16,888</b>	8,630
Provided/reversed during the period / year	<b>(1,500)</b>	10,576
Payments during the period / year	-	(2,318)
Balance at the end of the period / year	<b>15,388</b>	16,888

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

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

**Income tax:**

	<b>SAR'000</b>	
	<b>31 March 2022</b>	<b>31 December 2021</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Balance at the beginning of the period / year	<b>25</b>	25
Balance at the end of the period / year	<b>25</b>	25
<b>Total zakat and income tax</b>	<b>15,413</b>	16,913

**Status of assessments**

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

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

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

During 2021, the ZATCA issued an assessment for the years 2019 to 2020 claiming additional liability of SAR 3.73 million. As at 31 March, 2022, the Company is still in the process of deciding whether an objection against such assessments needs to be made or not.

**Income tax:**

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

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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2022**

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**15 SHARE CAPITAL**

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

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

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

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

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

Out of 15 Million right shares, 13.3 million shares consisting approximately 89 % of total right shares offer, were subscribed by the existing shareholders. Unsubscribed fraction of shares constituting 16.7 million were sold in market at average share price of SAR 19.02 per share. The Company has fulfilled all the regulatory requirements pertaining to the capital increase during the current period ended 31 March 2022.

**16 LOSS PER SHARE**

Loss per share for the year has been calculated by dividing the net income for the year by the weighted average number of issued and outstanding shares at year end.



**ALLIED COOPERATIVE INSURANCE GROUP (ACIG)****(A SAUDI JOINT STOCK COMPANY)****NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS****FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2022****16 LOSS PER SHARE (CONTINUED)**

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

	<b>SAR'000</b>	
	<b>31 March 2022</b>	<b>31 December</b>
	<b>(Unaudited)</b>	<b>2021</b>
Net loss for the year	<b>(28,082)</b>	2,428
Weighted average number of ordinary shares outstanding	<b>17,933</b>	14,100
Basic (loss) per share (SAR)	<b>(1.57)</b>	<b>0.17</b>

**17 VALUE ADDED TAX (VAT)**

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

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**18 SUPPLEMENTARY INFORMATION**
**STATEMENT OF FINANCIAL POSITION**

	SAR '000					
	31 March 2022 (Unaudited)			31 December 2021 (Audited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
<b>ASSETS</b>						
Cash and cash equivalents	101,760	85,819	187,579	52,973	-	52,973
Term deposits	182,846	-	182,846	182,367	-	182,367
Premiums and reinsurers' receivable, net	111,770	-	111,770	98,415	-	98,415
Reinsurers' share of unearned premiums	42,385	-	42,385	34,703	-	34,703
Reinsurers' share of outstanding claims	15,699	-	15,699	12,955	-	12,955
Reinsurers' share of claims incurred but not reported	8,384	-	8,384	8,498	-	8,498
Deferred policy acquisition costs	45,524	-	45,524	44,053	-	44,053
Due from a related party	1,985	-	1,985	1,985	-	1,985
Due from shareholder's operation	-	-	-	31,249	-	31,249
Property and equipment, net	5,419	-	5,419	5,411	-	5,411
Intangible assets, net	5,982	-	5,982	5,585	-	5,585
Right-of-use asset, net	5,330	-	5,330	3,229	-	3,229
Available-for-sale investments	-	52,567	52,567	-	50,721	50,721
Prepayments and other receivables	65,189	4,709	69,898	57,950	2,539	60,489
Statutory deposit	-	30,000	30,000	-	30,000	30,000
Accrued commission on statutory deposit	-	1,902	1,902	-	1,871	1,871
<b>TOTAL ASSETS</b>	<b>592,273</b>	<b>174,997</b>	<b>767,270</b>	<b>539,373</b>	<b>85,131</b>	<b>624,504</b>
<b>LIABILITIES</b>						
Policyholders claim payable	8,784	-	8,784	20,789	-	20,789
Accrued and other payables	37,094	345	37,439	17,430	1,525	18,955
Reinsurances' balances payable	33,864	-	33,864	24,749	-	24,749
Unearned commission income	1,369	-	1,369	1,261	-	1,261
Unearned premiums	331,091	-	331,091	301,744	-	301,744
Premium deficiency reserve	40,046	-	40,046	35,727	-	35,727
Other technical reserve	1,764	-	1,764	1,798	-	1,798
Outstanding claims	40,525	-	40,525	34,605	-	34,605
Claims incurred but not reported	76,366	-	76,366	80,865	-	80,865
Employees' terminal benefits	13,055	-	13,055	12,968	-	12,968
Lease liabilities	3,861	-	3,861	2,983	-	2,983
Due to insurance operations	-	-	-	-	31,249	31,249
Surplus distribution payable	5,991	-	5,991	5,991	-	5,991
Zakat and income tax	-	15,413	15,413	-	16,913	16,913
Accrued commission on statutory deposit payable to SAMA	-	1,902	1,902	-	1,871	1,871
	<b>593,810</b>	<b>17,660</b>	<b>611,470</b>	<b>540,910</b>	<b>51,558</b>	<b>592,468</b>
<b>EQUITY</b>						
Share capital	-	291,000	291,000	-	141,000	141,000
Accumulated losses	-	(144,097)	(144,097)	-	(116,015)	(116,015)
Income for the period	-	10,434	10,434	-	8,588	8,588
<b>TOTAL SHAREHOLDER'S EQUITY</b>	<b>-</b>	<b>157,337</b>	<b>157,337</b>	<b>-</b>	<b>33,573</b>	<b>33,573</b>
Re-measurement reserve of employees' terminal benefits	(1,537)	-	(1,537)	(1,537)	-	(1,537)
<b>TOTAL EQUITY</b>	<b>(1,537)</b>	<b>157,337</b>	<b>155,800</b>	<b>(1,537)</b>	<b>33,573</b>	<b>32,036</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>592,273</b>	<b>174,997</b>	<b>767,270</b>	<b>539,373</b>	<b>85,131</b>	<b>624,504</b>

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

**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2022**

**18 SUPPLEMENTARY INFORMATION (CONTINUED)**

**STATEMENT OF INCOME**

	SAR '000					
	For the three months period ended 31 March 2022					
	31 March, 2022			31 March, 2021		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
<b>REVENUES</b>						
Gross written Premium	177,838	-	177,838	152,147	-	152,147
Reinsurance premiums ceded						
-Local	(1,140)	-	(1,140)	(552)	-	(552)
-Foreign	(24,373)	-	(24,373)	(19,431)	-	(19,431)
	(25,513)	-	(25,513)	(19,983)	-	(19,983)
Excess of loss expenses						
-Local	(94)	-	(94)	(516)	-	(516)
-Foreign	(372)	-	(372)	(775)	-	(775)
	(466)	-	(466)	(1,291)	-	(1,291)
Net written premiums	151,859	-	151,859	130,873	-	130,873
Changes in unearned premiums, net	(21,662)	-	(21,662)	(18,865)	-	(18,865)
<b>Net premiums earned</b>	<b>130,197</b>	<b>-</b>	<b>130,197</b>	<b>112,008</b>	<b>-</b>	<b>112,008</b>
Re-insurance commissions earned	809	-	809	1,481	-	1,481
Other underwriting income	-	-	-	278	-	278
<b>TOTAL REVENUES</b>	<b>131,006</b>	<b>-</b>	<b>131,006</b>	<b>113,767</b>	<b>-</b>	<b>113,767</b>
<b>UNDERWRITING COSTS AND EXPENSES</b>						
Gross claims paid	129,297	-	129,297	94,163	-	94,163
Reinsurers' share of claims paid	(10,760)	-	(10,760)	(9,269)	-	(9,269)
<b>Net claims paid</b>	<b>118,537</b>	<b>-</b>	<b>118,537</b>	<b>84,894</b>	<b>-</b>	<b>84,894</b>
Changes in outstanding claims, net	3,290	-	3,290	(913)	-	(913)
Changes in claims incurred but not reported, net	(4,499)	-	(4,499)	2,477	-	2,477
<b>Net claims incurred</b>	<b>117,328</b>	<b>-</b>	<b>117,328</b>	<b>86,458</b>	<b>-</b>	<b>86,458</b>
Change in other technical reserves	(34)	-	(34)	72	-	72
Change in premium deficiency reserve	4,319	-	4,319	(4,611)	-	(4,611)
Policy acquisition costs	18,610	-	18,610	9,424	-	9,424
Other underwriting expenses	686	-	686	237	-	237
<b>TOTAL UNDERWRITING COSTS AND EXPENSES</b>	<b>140,909</b>	<b>-</b>	<b>140,909</b>	<b>91,580</b>	<b>-</b>	<b>91,580</b>
<b>NET UNDERWRITING (LOSS) / INCOME</b>	<b>(9,903)</b>	<b>-</b>	<b>(9,903)</b>	<b>22,187</b>	<b>-</b>	<b>22,187</b>
<b>OTHER OPERATING (EXPENSES) / INCOME</b>						
Allowance for doubtful debts	(999)	-	(999)	(595)	-	(595)
General and administrative expenses	(20,933)	1,113	(19,820)	(18,395)	(459)	(18,854)
Commission income on deposits	504	132	636	366	102	468
Investment income	-	504	504	-	493	493
Other income	-	-	-	29	-	29
<b>TOTAL OTHER OPERATING EXPENSES</b>	<b>(21,428)</b>	<b>1,749</b>	<b>(19,679)</b>	<b>(18,595)</b>	<b>136</b>	<b>(18,459)</b>
<b>TOTAL LOSS FOR THE PERIOD BEFORE ZAKAT AND INCOME TAX AND SURPLUS DISTRIBUTION</b>	<b>(31,331)</b>	<b>1,749</b>	<b>(29,582)</b>	<b>3,592</b>	<b>136</b>	<b>3,728</b>
Zakat reversal for the period	-	1,500	1,500	-	(1,300)	(1,300)
<b>Income for the period</b>	<b>(31,331)</b>	<b>3,249</b>	<b>(28,082)</b>	<b>3,592</b>	<b>(1,164)</b>	<b>2,428</b>

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

**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2022**

**18 SUPPLEMENTARY INFORMATION (CONTINUED)**

**STATEMENT OF INCOME**

	SAR '000					
	For the three months period ended 31 March 2022					
	31 March, 2022			31 March, 2021		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
(Deficit)/ Surplus transferred to Shareholders	31,331	(31,331)	-	(3,233)	3,233	-
Net result after transfer of surplus to shareholders						
Loss for the period	-	(28,082)	(28,082)	359	2,069	2,428
Net result after transfer of surplus to shareholders	-	(28,082)	(28,082)	359	2,069	2,428
Weighted average number of shares	17,933	17,933	17,933	14,100	14,100	14,100
LOSS PER SHARE (EXPRESSED IN SAR PER SHARE)	-	(1.57)	(1.57)	0.02	0.15	0.17

**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

**TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE PERIOD**

	1,846	1,846	-	2,073	2,073
	-	(26,236)	(26,236)	359	4,142
					4,501

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**18 SUPPLEMENTARY INFORMATION (CONTINUED)**

**STATEMENT OF CASH FLOWS**

	SAR '000					
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	For the three months period ended 31 March, 2022			For the three months period ended 31 March, 2021		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Net (loss) /income for the period before zakat and income tax	-	(29,582)	(29,582)	359	3,369	3,728
Adjustments for non-cash items:						
Depreciation of property and equipment	493	-	493	399	-	399
Amortization of right of use assets	646	-	646	509	-	509
Finance cost of lease liability	2,747	-	2,747	42	-	42
Amortization of intangible assets	305	-	305	252	-	252
Employees' terminal benefits	841	-	841	267	-	267
Allowance for doubtful debts	999	-	999	595	-	595
	6,031	(29,582)	(23,551)	2,423	3,369	5,792
<b>Changes in operating assets and liabilities:</b>						
Premiums and reinsurers' receivable	(14,354)	-	(14,354)	(11,425)	-	(11,425)
Reinsurers' share of unearned premiums	(7,682)	-	(7,682)	(3,481)	-	(3,481)
Reinsurers' share of outstanding claims	(2,744)	-	(2,744)	(615)	-	(615)
Reinsurers' share of claims incurred but not reported	114	-	114	(772)	-	(772)
Deferred policy acquisition costs	(1,471)	-	(1,471)	(4,164)	-	(4,164)
Due from related party	-	-	-	-	-	-
Due from shareholder's operation	31,249	-	31,249	-	-	-
Prepayments and other receivables	(7,239)	(4,530)	(11,769)	(3,996)	(1,025)	(5,021)
Policyholders claim payables	(12,005)	-	(12,005)	(1,710)	-	(1,710)
Accrued and other payables	19,664	1,180	20,844	(9,506)	427	(9,079)
Reinsurers' balances payable	9,115	-	9,115	7,334	-	7,334
Unearned commission income	108	-	108	230	-	230
Unearned premiums	29,347	-	29,347	22,346	-	22,346
Premium deficiency reserve	4,319	-	4,319	(4,612)	-	(4,612)
Other technical reserves	(34)	-	(34)	72	-	72
Outstanding claims	5,920	-	5,920	(298)	-	(298)
Claims incurred but not reported	(4,499)	-	(4,499)	3,249	-	3,249
Due to insurance operations	-	(31,249)	(31,249)	-	-	-
	55,839	(64,181)	(8,342)	(4,925)	2,771	(2,154)
Employees' terminal benefits paid	(755)	-	(755)	(29)	-	(29)
Surplus paid to policyholder	-	-	-	(455)	-	(455)
Zakat and income tax paid	-	-	-	-	-	-
<b>Net cash from / (used in) operating activities</b>	55,084	(64,181)	(9,097)	(5,409)	2,771	(2,638)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Purchase of property and equipment	(501)	-	(501)	(114)	-	(114)
Purchase of intangible assets	(701)	-	(701)	-	-	-
Payment of lease liability	(4,616)	-	(4,616)	(1,017)	-	(1,017)
Placement of term deposits	(479)	-	(479)	(66)	-	(66)
Proceed from sale of available-for-sale investment	-	-	-	225	(61,304)	(61,079)
Income for the period	-	-	-	-	-	-
<b>Net cash used in investing activities</b>	(6,297)	-	(6,297)	(972)	(61,304)	(62,276)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
Issuance of share capital	-	150,000	150,000	-	-	-
<b>Net cash generated from financing activities</b>	-	150,000	150,000	-	-	-
Net change in cash and cash equivalents	48,787	85,819	134,606	(6,381)	(58,533)	(64,914)
Cash and cash equivalents, beginning of the period	52,973	-	52,973	72,725	75,251	147,976
<b>Cash and cash equivalents, end of the period</b>	101,760	85,819	187,579	66,344	16,718	83,062

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**19 COMPARATIVE FIGURES**

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

**20 IMPACT OF COVID-19**

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

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

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

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

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

However, the Company’s management believes that the Covid-19 pandemic has had no material effects on Company’s reported results for the three months period ended 31 March 2022.

**21 APPROVAL OF THE FINANCIAL STATEMENTS**

These financial statements have been approved by the Board of Directors on 16 May, 2022 (Corresponding to Shawwal 15, 1443 AH).