

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

**INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**  
**AND INDEPENDENT AUDITORS' REVIEW REPORT**  
**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2022**

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

---

<b>INDEX</b>	<b>PAGE</b>
Independent auditors' review report	1
Interim condensed statement of financial position	2 – 3
Interim condensed statement of income	4
Interim condensed statement of comprehensive income	5
Interim condensed statement of changes in equity	6
Interim condensed statement of cash flows	7
Notes to the interim condensed financial statements	8 - 36



Al Azem, Al Sudairy, Al Shaikh & Partners  
For Professional Consulting  
Member Crowe Global



AlKharashi & Co.  
Certified Accountants And Auditors

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

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

### INTRODUCTION

We have reviewed the accompanying interim statement of financial position of Allied Cooperative Insurance Group (ACIG) - a Saudi Joint Stock Company (the "Company") as at 30 June 2022 and the related interim statements of income, comprehensive income, for the three-month and six-month periods then ended and changes in equity and cash flows for the six-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 & Partner**  
**For Professional Consulting**  
P. O. Box 10504  
Riyadh 11443  
Kingdom of Saudi Arabia

**Abdullah M. Al Azem**  
Certified Public Accountant  
License No. 335

**AlKharashi & Co. Certified Accountants**  
**And Auditors**  
P. O. Box 8306  
Riyadh 11482  
Kingdom of Saudi Arabia

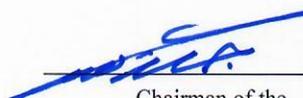
**Abdullah S. Al Msned**  
Certified Public Accountant  
License No. 456

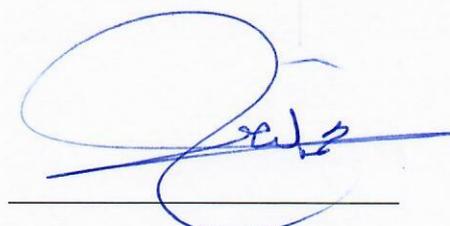
23 August 2022  
25 Muharram 1444H

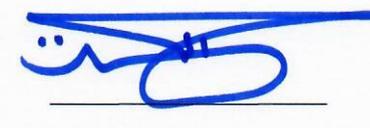


**ALLIED COOPERATIVE INSURANCE GROUP (ACIG)**  
**(A SAUDI JOINT STOCK COMPANY)**  
**INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 June 2022**

	Notes	SAR '000	
		30 June 2022 (Unaudited)	31 December 2021 (Audited)
<b>ASSETS</b>			
Cash and cash equivalents	4	203,152	52,973
Term deposits	5	183,977	182,367
Premium and reinsurers' receivable, net	6	112,812	98,415
Reinsurers' share of unearned premiums	8.2	46,080	34,703
Reinsurers' share of outstanding claims	8.1	16,991	12,955
Reinsurers' share of claims incurred but not reported	8.1	9,839	8,498
Deferred policy acquisition cost		46,508	44,053
Due from a related party		1,985	1,985
Property and equipment, net		4,612	5,411
Intangible assets		5,664	5,585
Right of use assets, net	9	4,663	3,229
Available-for-sale investments	7	47,817	50,721
Prepayments and other receivables		68,438	60,489
Accrued commission on statutory deposit		1,955	1,871
Statutory deposit	11	43,650	30,000
<b>TOTAL ASSETS</b>		<b>798,143</b>	<b>593,255</b>

  
 Chairman of the  
 Board of Directors

  
 Chief Executive Officer

  
 Chief Financial Officer

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

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

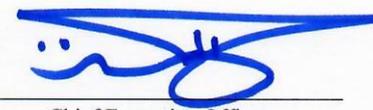
**INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION-(CONTINUED)**

**AS AT 30 June 2022**

	Notes	SAR '000	
		30 June 2022 (Unaudited)	31 December 2021 (Audited)
<b>LIABILITIES</b>			
Policyholders claim payable		18,738	20,789
Accrued and other payables		37,078	18,955
Reinsurance balances payable		46,793	24,749
Unearned commission income		1,125	1,261
Unearned premiums	8.2	337,123	301,744
Premium deficiency reserve	8.1	30,882	35,727
Other technical reserves	8.1	2,183	1,798
Outstanding claims	8.1	47,287	34,605
Claims incurred but not reported	8.1	93,779	80,865
Employees' terminal benefits		11,802	12,968
Lease liabilities	10	3,575	2,983
Surplus distribution payable		5,987	5,991
Zakat and income tax	14	7,481	16,913
Accrued commission on statutory deposit payable to SAMA		1,955	1,871
<b>TOTAL LIABILITIES</b>		<b>645,788</b>	<b>561,219</b>
<b>EQUITY</b>			
Share capital	15	291,000	141,000
Accumulated losses		(142,792)	(116,015)
Fair values reserve on available-for-sale investments		5,684	8,588
		<b>153,892</b>	<b>33,573</b>
Re-measurement reserve of employees' terminal benefits		(1,537)	(1,537)
<b>TOTAL EQUITY</b>		<b>152,355</b>	<b>32,036</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>798,143</b>	<b>593,255</b>
<b>COMMITMENTS AND CONTINGENCIES</b>		<b>4,549</b>	<b>2,998</b>

  
 Chairman of the  
 Board of Directors

  
 Chief Executive Officer

  
 Chief Executive Officer

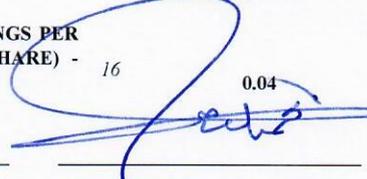
The accompanying notes 1 to 21 form an integral part of these interim condensed financial statements.

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

**INTERIM CONDENSED STATEMENT OF INCOME  
FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2022**

	SAR'000			
	For the three month period ended		For the six month period ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Notes	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>REVENUES</b>				
Gross premiums written	169,085	132,690	346,923	284,837
Reinsurance premiums ceded				
-Local	503	(340)	(637)	(892)
-Foreign	(29,552)	(12,694)	(53,925)	(32,125)
	(29,049)	(13,034)	(54,562)	(33,017)
Excess of loss premiums				
-Local	(322)	(186)	(416)	(702)
-Foreign	(144)	(280)	(516)	(1,055)
	(466)	(466)	(932)	(1,757)
<b>NET PREMIUMS WRITTEN</b>	<b>139,570</b>	<b>119,190</b>	<b>291,429</b>	<b>250,063</b>
Changes in unearned premiums, net	(2,336)	156	(23,998)	(18,708)
<b>NET PREMIUMS EARNED</b>	<b>137,234</b>	<b>119,346</b>	<b>267,431</b>	<b>231,355</b>
Reinsurance commission earned	1,372	1,199	2,181	2,680
Other underwriting income	1,789	(4)	1,789	274
<b>TOTAL REVENUES</b>	<b>140,395</b>	<b>120,541</b>	<b>271,401</b>	<b>234,309</b>
<b>UNDERWRITING COSTS AND EXPENSES</b>				
Gross claims paid	109,033	101,244	238,330	195,407
Reinsurers' share of claims paid	(11,598)	(8,525)	(22,358)	(17,794)
<b>NET CLAIMS PAID</b>	<b>97,435</b>	<b>92,719</b>	<b>215,972</b>	<b>177,613</b>
Changes in outstanding claims, net	5,059	4,074	8,349	3,161
Changes in claims incurred but not reported, net	15,958	(1,444)	11,459	1,033
<b>NET CLAIMS INCURRED</b>	<b>118,452</b>	<b>95,349</b>	<b>235,780</b>	<b>181,807</b>
Changes in loss adjustment expenses	419	3	385	76
Change in premium deficiency reserve	(9,163)	(2,909)	(4,844)	(7,520)
Policy acquisition costs	17,605	13,815	36,215	23,238
Other underwriting expenses	16	52	702	289
<b>TOTAL UNDERWRITING COSTS AND EXPENSES</b>	<b>127,329</b>	<b>106,310</b>	<b>268,238</b>	<b>197,890</b>
<b>NET UNDERWRITING (LOSS) / INCOME</b>	<b>13,066</b>	<b>14,231</b>	<b>3,163</b>	<b>36,419</b>
<b>OTHER OPERATING (EXPENSES)/ INCOME</b>				
Allowance for doubtful debts	(1,370)	(440)	(2,369)	(1,036)
General and administrative expenses	(20,027)	(20,067)	(39,847)	(38,921)
Commission income on deposits	1,199	456	1,835	924
Investment income	505	275	1,009	768
Other income	-	4	-	33
<b>TOTAL OTHER OPERATING EXPENSES</b>	<b>(19,693)</b>	<b>(19,772)</b>	<b>(39,372)</b>	<b>(38,232)</b>
<b>Loss for the period</b>	<b>(6,627)</b>	<b>(5,541)</b>	<b>(36,209)</b>	<b>(1,813)</b>
Zakat reversal / (charge) for the period	7,932	(1,778)	9,432	(3,078)
Income / (loss) for the period after zakat	1,305	(7,319)	(26,777)	(4,891)
Income / (loss) attributed to the insurance operations	-	-	-	-
<b>INCOME/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO THE SHAREHOLDERS</b>	<b>1,305</b>	<b>(7,319)</b>	<b>(26,777)</b>	<b>(4,891)</b>
<b>Weighted average number of ordinary shares outstanding -Restated 2021</b>	<b>32,512</b>	<b>19,458</b>	<b>32,512</b>	<b>19,458</b>
<b>BASIS AND DILUTED (LOSS) / EARNINGS PER SHARE (EXPRESSED IN SAR PER SHARE) - Restated 2021</b>	<b>0.04</b>	<b>(0.38)</b>	<b>(0.82)</b>	<b>(0.25)</b>

  
Chairman of the Board of Directors

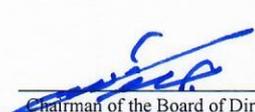
  
Chief Executive Officer

  
Chief Financial Officer

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

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

	SAR'000			
	For the three month period ended		For the six month period ended	
	June 30, 2022 (Unaudited)	June 30, 2021 (Unaudited)	June 30, 2022 (Unaudited)	June 30, 2021 (Unaudited)
Income/ (loss) for the period	1,305	(7,319)	(26,777)	(4,891)
<b>OTHER COMPREHENSIVE INCOME/ (LOSS)</b>				
<i>ITEMS THAT ARE OR MAY BE RECLASSIFIED TO STATEMENTS OF INCOME IN SUBSEQUENT PERIODS</i>				
<i>Available-for-sale investments:</i>				
- Net change in fair value	(4,750)	(34)	(2,904)	2,039
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>	<b>(3,445)</b>	<b>(7,353)</b>	<b>(29,681)</b>	<b>(2,852)</b>
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO THE INSURANCE OPERATIONS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO THE SHAREHOLDERS</b>	<b>(3,445)</b>	<b>(7,353)</b>	<b>(29,681)</b>	<b>(2,852)</b>

		
Chairman of the Board of Directors	Chief Executive Officer	Chief Financial Officer

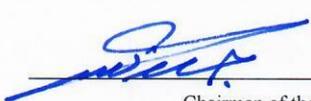
The accompanying notes 1 to 21 form an integral part of these interim condensed financial statements.

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

**INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY  
FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2022**

	SAR'000				
	Share capital	Accumulated losses	Fair value reserve on available-for-sale investments	Re-measurement reserve of employees' terminal benefits	Total
<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)	-	-	(2,904)	-	(2,904)
Increase in share capital through right issue	150,000	-	-	-	150,000
Net loss for the period attributable to the shareholders	-	(26,777)	-	-	(26,777)
<b>Total comprehensive (loss) / income attributable to the shareholders</b>	150,000	(26,777)	(2,904)	-	120,319
<b>Balance as at 30 June 2022 (Unaudited)</b>	291,000	(142,792)	5,684	(1,537)	152,355

	SAR'000				
	Share capital	Accumulated losses	Fair value reserve on available-for-sale investments	Re-measurement reserve of employees' terminal benefits	Total
30 June 2021					
<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	-	-	2,039	-	2,039
Net loss for the period attributable to the shareholders	-	(4,891)	-	-	(4,891)
<b>Total comprehensive (loss) income attributable to the shareholders</b>	-	(4,891)	2,039	-	(2,852)
<b>Balance as at 30 June 2021 (Unaudited)</b>	141,000	(6,322)	9,165	(1,064)	142,779



Chairman of the Board of Directors



Chief Executive Officer



Chief Financial Officer

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

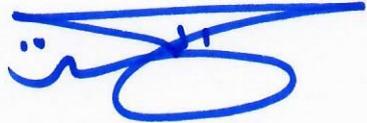
**ALLIED COOPERATIVE INSURANCE GROUP (ACIG)  
(A SAUDI JOINT STOCK COMPANY)**

**INTERIM CONDENSED STATEMENT OF CASH FLOWS-(UNAUDITED)  
FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2022**

	SAR '000	
	30 June 2022 (Unaudited)	30 June 2021 (Unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss for the period before zakat and tax	(36,209)	(1,813)
<b>Adjustments for non-cash items:</b>		
Depreciation of property and equipment	694	1,003
Amortisation of intangible assets and right of use assets	1,942	1,493
Employees' terminal benefits	721	781
Provision charge for doubtful debts	2,369	1,036
Finance costs of lease liability	70	-
	<u>(30,413)</u>	<u>2,500</u>
<b>Changes in operating assets and liabilities:</b>		
Premiums and reinsurers' receivable	(16,908)	(5,851)
Reinsurers' share of unearned premiums	(11,377)	1,231
Reinsurers' share of outstanding claims	(4,036)	(1,645)
Reinsurers' share of claims incurred but not reported	(1,341)	(930)
Deferred policy acquisition costs	(2,455)	(5,058)
Due from shareholder's operation	31,249	-
Prepayments and other receivables	(7,964)	(5,810)
Policyholders claims payable	(2,051)	(8,542)
Accrued and other payables	17,143	(5,256)
Reinsurance payables	22,044	9,682
Unearned commission income	(136)	(182)
Unearned premiums	35,379	17,476
Premium deficiency reserve	(4,845)	(7,521)
Other technical reserves	385	75
Outstanding claims	12,682	4,806
Claims incurred but not reported	12,914	1,963
Due to insurance operations	<u>(31,249)</u>	<u>-</u>
	19,021	(3,062)
Employees' terminal benefits paid	(1,887)	(217)
Surplus paid to policyholder	(5)	(873)
Zakat paid	-	(2,319)
<b>Net cash generated from / (used in) operating activities</b>	<u>17,129</u>	<u>(6,471)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(541)	(765)
Disposal of property and equipment	646	-
Purchase of intangible assets	(708)	(187)
Payment of lease liability	(2,082)	(984)
(Placement) /maturity of term deposits	(1,281)	119,331
Increase in statutory deposit	(12,984)	-
<b>Net cash (used in)/generated from investing activities</b>	<u>(16,950)</u>	<u>117,395</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Issuance of share capital	150,000	-
<b>Net cash generated from financing activities</b>	<u>150,000</u>	<u>-</u>
Net change in cash and cash equivalents	150,179	110,924
Cash and cash equivalents, beginning of the period	52,973	147,976
<b>Cash and cash equivalents, end of the period</b>	<u>203,152</u>	<u>258,900</u>
<b>NON-CASH INFORMATION</b>		
Change in fair value of available-for-sale investments	(2,904)	(2,039)
Additions in right of use assets	2,747	18

  
Chairman of the  
Board of Directors

  
Chief Executive Officer

  
Chief Financial Officer

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

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS  
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 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:

<b>Branch</b>	<b>Commercial Registration Number</b>	<b>Place of issuance</b>	<b>Date</b>
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 three- month and six month periods ended 30 June 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 six months period ended 30 June 2022 of SAR 29.7 million (30 June 2021: Loss for the six- months period ended was SAR 2.8 million) and, as of that date, the accumulated losses of the Company as at 30 June 2022 are 49% of its share capital (82%: 31 December 2021) and the solvency margin of the Company reached to -15 % (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 30.8 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 29.2 million during the current period as compared to SAR 17.4 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 six-month periods ended 30 June 2022 and the resulting total proceeds from the right issue was received on 7 March 2022 (Refer to Note 15).

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

**ALLIED COOPERATIVE INSURANCE GROUP (ACIG)**

**(A SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS-(CONTINUED)  
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 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 AND SIX-MONTH PERIODS ENDED 30 JUNE 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.

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

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

**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:

**ALLIED COOPERATIVE INSURANCE GROUP (ACIG)**

**(A SAUDI JOINT STOCK COMPANY)**

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

---

**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.

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

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

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS-(CONTINUED)  
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 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.

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

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

**4 CASH AND CASH EQUIVALENTS**

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

		<b>SAR'000</b>	
		<b>30 June 2022</b>	31 December 2021
		<b>(Unaudited)</b>	<b>(Audited)</b>
<i>Insurance operations</i>			
Bank balances and cash		<b>131,318</b>	49,928
Deposits maturing within 3 month from the acquisition date		<b>4,549</b>	3,045
		<b>135,867</b>	52,973
<i>Shareholders' operations</i>			
Bank balances and cash		<b>67,285</b>	-
		<b>67,285</b>	-
		<b>203,152</b>	52,973

**5 TERM DEPOSITS**

		<b>SAR'000</b>	
		<b>30 June 2022</b>	31 December 2021
		<b>(Unaudited)</b>	<b>(Audited)</b>
<i>Insurance operations</i>			
Term deposits	5.1	<b>183,648</b>	182,367
		<b>183,648</b>	182,367
<i>Shareholders' operations</i>			
Term deposits	5.1	<b>329</b>	-
		<b>329</b>	-
		<b>183,977</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 1.2 % per annum as at 30 June 2022 (31 December 2021: 1.07%) .

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

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

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

Receivables comprise amounts due from the following:

	<b>SAR'000</b>	
	<b>30 June 2022</b>	31 December 2021
	<b>(Unaudited)</b>	<b>(Audited)</b>
Due from policyholders	79,731	56,009
Due from policyholders – related parties – (note 13)	27	1,820
Due from brokers and agents	40,237	44,646
Receivables from reinsurers	5,693	6,447
	<b>125,688</b>	108,922
Less: Allowance for doubtful debts (note 6.1)	<b>(12,876)</b>	(10,507)
Premium and reinsurers' receivable – net	<b>112,812</b>	98,415

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

	<b>SAR'000</b>	
	<b>30 June 2022</b>	31 December 2021
	<b>(Unaudited)</b>	<b>(Audited)</b>
Balance at the beginning of the period / year	10,507	8,723
Provided during the period / year	2,369	1,784
Balance at end of period / year	<b>12,876</b>	10,507

**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>30 June 2022</b>	31 December 2021
	<b>(Unaudited)</b>	<b>(Audited)</b>
Investment in Sukuk	20,000	20,000
Quoted securities	12,390	11,508
Unquoted securities	1,923	1,923
Quoted local real estate fund	13,504	17,290
	<b>47,817</b>	50,721

**ALLIED COOPERATIVE INSURANCE GROUP (ACIG)**  
**(A SAUDI JOINT STOCK COMPANY)**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS-(CONTINUED)**  
**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2022**

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

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

	SAR'000				
	Investment in Sukuk	Quoted securities	Unquoted securities	Units in quoted local real estate fund	Total
As at 01 January 2022 – (audited)	20,000	11,508	1,923	17,290	50,721
Changes in fair value of investments	-	882	-	(3,786)	(2,904)
As at 30 June 2022– (unaudited)	<b>20,000</b>	<b>12,390</b>	<b>1,923</b>	<b>13,504</b>	<b>47,817</b>

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

**8 TECHNICAL RESERVES (INSURANCE OPERATIONS)**

**8.1 Net outstanding claims and reserves**

Net outstanding claims and reserves comprise of the following:

	SAR'000	
	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Outstanding claims	47,287	34,605
	<b>47,287</b>	<b>34,605</b>
Claims incurred but not reported	93,779	80,865
Premium deficiency reserve	30,882	35,727
Other technical reserves	2,183	1,798
	<b>174,131</b>	<b>152,995</b>
Less:		
Reinsurers' share of outstanding claims	(16,991)	(12,955)
Reinsurers' share of claims incurred but not reported	(9,839)	(8,498)
	<b>(26,830)</b>	<b>(21,453)</b>
Net outstanding claims and reserves	<b>147,301</b>	<b>131,542</b>

**ALLIED COOPERATIVE INSURANCE GROUP (ACIG)****(A SAUDI JOINT STOCK COMPANY)****NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS-(CONTINUED)****FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2022****8 TECHNICAL RESERVES (INSURANCE OPERATIONS)-(CONTINUED)****8.2 Movement in unearned premiums**

Movement in unearned premiums comprise of the following:

	<b>For the six-month periods ended June 30, 2021</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	301,744	(34,703)	267,041
Premium written during the period	346,923	(55,494)	291,429
Premium earned during the period	(311,544)	44,117	(267,427)
Balance as at the end of the period	<b>337,123</b>	<b>(46,080)</b>	<b>291,043</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>30 June 2022</b>	<b>31 December 2021</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
<b>Cost:</b>		
At beginning of the period / year	10,091	10,073
Additions	2,747	18
As at end of period / year	<b>12,838</b>	<b>10,091</b>
<b>Accumulated amortization</b>		
At beginning of the period / year	(6,862)	(4,851)
Charge for the period / year	(1,313)	(2,011)
As at end of period / year	<b>(8,175)</b>	<b>(6,862)</b>
<b>Net book value</b>	<b>4,663</b>	<b>3,229</b>

**ALLIED COOPERATIVE INSURANCE GROUP (ACIG)****(A SAUDI JOINT STOCK COMPANY)****NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS-(CONTINUED)****FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2022****10 LEASE LIABILITIES**

	<b>SAR'000</b>	
	<b>30 June 2022</b> <b>(Unaudited)</b>	31 December 2021 <b>(Audited)</b>
<b>Liabilities:</b>		
At beginning of the period / year	<b>10,593</b>	10,593
Additions during the period	<b>2,747</b>	-
finance costs	<b>70</b>	143
As at end of period / year	<b>13,410</b>	10,593
<b>Payments:</b>		
At beginning of the period / year	<b>(7,753)</b>	(5,619)
Paid during the period / year	<b>(2,082)</b>	(2,134)
As at end of period / year	<b>(9,835)</b>	(7,753)
<b>Total lease liabilities</b>	<b>3,575</b>	2,840

**11 STATUTORY DEPOSIT**

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

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

**12 SEGMENTAL INFORMATION**

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

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

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

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

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

**ALLIED COOPERATIVE INSURANCE GROUP (ACIG)**

**(A SAUDI JOINT STOCK COMPANY)**

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

**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2022**

**12 SEGMENTAL INFORMATION (CONTINUED)**

	As at 30 June 2022 (Unaudited)						
	Medical	Motor	General Accident	Others	Total - Insurance Operations	Shareholders' Operations	Total
	SAR'000						
<b>Assets</b>							
Cash and cash equivalents	-	-	-	-	135,867	67,285	203,152
Term deposits	-	-	-	-	183,648	329	183,977
Premiums and reinsurers' receivable - net	-	-	-	-	112,812	-	112,812
Reinsurers' share of unearned premiums	26,728	-	5,257	14,095	46,080	-	46,080
Reinsurers' share of outstanding claims	7,379	3,399	3,090	3,123	16,991	-	16,991
Reinsurers' share of claims incurred but not reported	7,604	-	324	1,911	9,839	-	9,839
Deferred policy acquisition costs	4,775	39,319	918	1,496	46,508	-	46,508
Available-for-sale investments	-	-	-	-	-	47,817	47,817
Unallocated assets	-	-	-	-	81,055	49,912	130,967
<b>Total assets</b>	<b>46,486</b>	<b>42,718</b>	<b>9,589</b>	<b>20,625</b>	<b>632,800</b>	<b>165,343</b>	<b>798,143</b>
<b>Liabilities</b>							
Policyholders claim payable	-	-	-	-	18,738	-	18,738
Reinsurers' balances payable	-	-	-	-	46,793	-	46,793
Unearned premiums	89,305	209,816	20,788	17,214	337,123	-	337,123
Unearned commission income	-	-	398	727	1,125	-	1,125
Outstanding claims	20,337	10,487	8,666	7,797	47,287	-	47,287
Claims incurred but not reported	21,301	50,007	4,468	18,003	93,779	-	93,779
Premium deficiency reserves	-	30,882	-	-	30,882	-	30,882
Other technical reserves	279	1,259	201	444	2,183	-	2,183
Unallocated liabilities and equity	-	-	-	-	54,890	165,343	220,233
<b>Total liabilities and insurance operations` surplus</b>	<b>131,222</b>	<b>302,451</b>	<b>34,521</b>	<b>44,185</b>	<b>632,800</b>	<b>165,343</b>	<b>798,143</b>

**ALLIED COOPERATIVE INSURANCE GROUP (ACIG)**  
**(A SAUDI JOINT STOCK COMPANY)**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS-(CONTINUED)**  
**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2022**

**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	-	-	-	-	74,160	36,755	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 AND SIX-MONTH PERIODS ENDED 30 JUNE 2022**
**12 SEGMENTAL INFORMATION (CONTINUED)**

	For the three-month periods ended 30 June 2022						Total
	Medical	Motor	General Accident	Others	Total Insurance Operations	Shareholders' Operations	
	SAR'000						
<b>REVENUES</b>							
Gross premiums written	62,264	92,897	5,955	7,969	169,085	-	169,085
Reinsurance premiums ceded							
-Local	-	-	71	432	503	-	503
-Foreign	(20,660)	-	(976)	(7,916)	(29,552)	-	(29,552)
	(20,660)	-	(905)	(7,484)	(29,049)	-	(29,049)
Excess of loss premiums							
-Local	-	(230)	(3)	(89)	(322)	-	(322)
-Foreign	-	65	(4)	(205)	(144)	-	(144)
	-	(165)	(7)	(294)	(466)	-	(466)
Net premiums written	41,604	92,732	5,043	191	139,570	-	139,570
Changes in unearned premiums, net	(7,143)	5,215	(485)	77	(2,336)	-	(2,336)
Net premiums earned	34,461	97,947	4,558	268	137,234	-	137,234
Reinsurance commission income	-	-	267	1,105	1,372	-	1,372
Other underwriting income	747	-	-	-	747	-	747
<b>TOTAL REVENUES</b>	<b>35,208</b>	<b>97,947</b>	<b>4,825</b>	<b>1,373</b>	<b>139,353</b>	<b>-</b>	<b>139,353</b>
<b>UNDERWRITING COSTS AND EXPENSES</b>							
Gross claims paid	32,408	75,324	1,129	172	109,033	-	109,033
Reinsurers' share of claims paid	(11,316)	-	(171)	(111)	(11,598)	-	(11,598)
Net claims paid	21,092	75,324	958	61	97,435	-	97,435
Changes in outstanding claims, net	2,019	3,613	(448)	(125)	5,059	-	5,059
Changes in claims incurred but not reported, net	795	15,163	-	-	15,958	-	15,958
Net claims incurred	23,906	94,100	510	(64)	118,452	-	118,452
Change in loss adjustment expenses	38	391	(12)	2	419	-	419
Changes in premium deficiency reserve	-	(9,163)	-	-	(9,163)	-	(9,163)
Policy acquisition costs	3,201	13,713	332	359	17,605	-	17,605
Other underwriting expenses	-	16	-	-	16	-	16
<b>TOTAL UNDERWRITING COSTS AND EXPENSES</b>	<b>27,145</b>	<b>99,057</b>	<b>830</b>	<b>297</b>	<b>127,329</b>	<b>-</b>	<b>127,329</b>
<b>NET UNDERWRITING INCOME/(LOSS)</b>	<b>8,063</b>	<b>(1,110)</b>	<b>3,995</b>	<b>1,076</b>	<b>12,024</b>	<b>-</b>	<b>12,024</b>
<b>OTHER OPERATING (EXPENSES) / INCOME</b>							
Allowance for doubtful debts					(1,370)	-	(1,370)
General and administrative expenses					(19,242)	(785)	(20,027)
Commission income on deposits					1,019	180	1,199
Investment income					-	505	505
<b>TOTAL OTHER OPERATING EXPENSES, NET</b>					<b>(19,593)</b>	<b>(100)</b>	<b>(19,693)</b>
Loss for the period							(7,669)
Zakat reversed for the period							7,932
Net Surplus							263
Profit transferred to shareholders							(263)
<b>NET RESULT AFTER TRANSFER OF SURPLUS TO SHAREHOLDERS</b>							<b>-</b>

**ALLIED COOPERATIVE INSURANCE GROUP (ACIG)**
**(A SAUDI JOINT STOCK COMPANY)**
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS-(CONTINUED)**
**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2022**
**12 SEGMENTAL INFORMATION**

For the three-months period ended 30 June 2021

	Medical	Motor	General Accident	Others	Total Insurance Operations	Shareholders' Operations	Total
	SAR'000						
<b>REVENUES</b>							
Gross premiums written	34,481	90,848	2,620	4,741	132,690	-	132,690
Reinsurance premiums ceded							
-Local	(36)	-	(20)	(284)	(340)	-	(340)
-Foreign	(8,299)	-	(398)	(3,997)	(12,694)	-	(12,694)
	(8,335)	-	(418)	(4,281)	(13,034)	-	(13,034)
Excess of loss premiums							
-Local	-	(140)	(1)	(45)	(186)	-	(186)
-Foreign	-	(211)	(3)	(66)	(280)	-	(280)
	-	(351)	(4)	(111)	(466)	-	(466)
Net premiums written	26,146	90,497	2,198	349	119,190	-	119,190
Changes in unearned premiums, net	3,755	(4,585)	871	115	156	-	156
Net premiums earned	29,901	85,912	3,069	464	119,346	-	119,346
Reinsurance commission income	-	-	174	1,025	1,199	-	1,199
Other underwriting income	5	33	(42)	-	(4)	-	(4)
<b>TOTAL REVENUES</b>	<b>29,906</b>	<b>85,945</b>	<b>3,201</b>	<b>1,489</b>	<b>120,541</b>	<b>-</b>	<b>120,541</b>
<b>UNDERWRITING COSTS AND EXPENSES</b>							
Gross claims paid	28,901	71,797	539	7	101,244	-	101,244
Reinsurers' share of claims paid	(8,518)	-	-	(7)	(8,525)	-	(8,525)
Net claims paid	20,383	71,797	539	-	92,719	-	92,719
Changes in outstanding claims, net	2,641	972	204	257	4,074	-	4,074
Changes in claims incurred but not reported, net	(506)	(938)	-	-	(1,444)	-	(1,444)
Net claims incurred	22,518	71,831	743	257	95,349	-	95,349
Change in other technical reserve	20	(17)	(9)	9	3	-	3
Changes in premium deficiency reserve	(2,159)	(750)	-	-	(2,909)	-	(2,909)
Policy acquisition costs	2,468	10,768	189	390	13,815	-	13,815
Other underwriting expenses	(15)	67	-	-	52	-	52
<b>TOTAL UNDERWRITING COSTS AND EXPENSES</b>	<b>22,832</b>	<b>81,899</b>	<b>923</b>	<b>656</b>	<b>106,310</b>	<b>-</b>	<b>106,310</b>
<b>NET UNDERWRITING INCOME</b>	<b>7,074</b>	<b>4,046</b>	<b>2,278</b>	<b>833</b>	<b>14,231</b>	<b>-</b>	<b>14,231</b>
<b>OTHER OPERATING (EXPENSES) / INCOME</b>							
Release of doubtful debts					(440)	-	(440)
General and administrative expenses					(19,344)	(723)	(20,067)
Commission income on deposits					365	91	456
Investment income					-	275	275
Other income					4	-	4
<b>TOTAL OTHER OPERATING EXPENSES, NET</b>					<b>(19,415)</b>	<b>(357)</b>	<b>(19,772)</b>
Loss for the period							(5,541)
Zakat charge for the period							(1,778)
Net loss for the period							(7,319)
<b>NET INCOME ATTRIBUTED TO THE INSURANCE OPERATIONS</b>							-
<b>NET LOSS ATTRIBUTABLE TO THE SHAREHOLDERS</b>							<b>(7,319)</b>

**ALLIED COOPERATIVE INSURANCE GROUP (ACIG)**
**(A SAUDI JOINT STOCK COMPANY)**
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS-(CONTINUED)**
**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2022**
**12 SEGMENTAL INFORMATION (CONTINUED)**

	For the six-month periods ended 30 June 2022 (Unaudited)						Total
	Medical	Motor	General Accident	Others	Total Insurance Operations	Shareholders' Operations	
	SAR'000						
<b>REVENUES</b>							
Gross premiums written	121,102	199,851	12,801	13,169	346,923	-	346,923
Reinsurance premiums ceded							
-Local	-	-	(26)	(611)	(637)	-	(637)
-Foreign	(40,069)	-	(2,267)	(11,589)	(53,925)	-	(53,925)
	(40,069)	-	(2,293)	(12,200)	(54,562)	-	(54,562)
Excess of loss premiums							
-Local	-	(324)	(3)	(89)	(416)	-	(416)
-Foreign	-	(286)	(7)	(223)	(516)	-	(516)
	-	(610)	(10)	(312)	(932)	-	(932)
Net premiums written	81,033	199,241	10,498	657	291,429	-	291,429
Changes in unearned premiums, net	(16,943)	(3,913)	(3,381)	239	(23,998)	-	(23,998)
Net premiums earned	64,090	195,328	7,117	896	267,431	-	267,431
Reinsurance commission income	-	-	387	1,794	2,181	-	2,181
Other underwriting income	747	-	1,042	-	1,789	-	1,789
<b>TOTAL REVENUES</b>	<b>64,837</b>	<b>195,328</b>	<b>8,546</b>	<b>2,690</b>	<b>271,401</b>	<b>-</b>	<b>271,401</b>
<b>UNDERWRITING COSTS AND EXPENSES</b>							
Gross claims paid	64,341	172,318	1,388	283	238,330	-	238,330
Reinsurers' share of claims paid	(21,968)	-	(174)	(216)	(22,358)	-	(22,358)
Net claims paid	42,373	172,318	1,214	67	215,972	-	215,972
Changes in outstanding claims, net	3,511	5,951	(976)	(137)	8,349	-	8,349
Changes in claims incurred but not reported, net	(583)	12,042	-	-	11,459	-	11,459
Net claims incurred	45,301	190,311	238	(70)	235,780	-	235,780
Change in loss adjustment expenses	38	347	-	-	385	-	385
Changes in premium deficiency reserve	-	(4,844)	-	-	(4,844)	-	(4,844)
Policy acquisition costs	5,786	29,230	494	705	36,215	-	36,215
Other underwriting expenses	627	75	-	-	702	-	702
<b>TOTAL UNDERWRITING COSTS AND EXPENSES</b>	<b>51,752</b>	<b>215,119</b>	<b>732</b>	<b>635</b>	<b>268,238</b>	<b>-</b>	<b>268,238</b>
<b>NET UNDERWRITING INCOME / (LOSS)</b>	<b>13,085</b>	<b>(19,791)</b>	<b>7,814</b>	<b>2,055</b>	<b>3,163</b>	<b>-</b>	<b>3,163</b>
<b>OTHER OPERATING (EXPENSES) / INCOME</b>							
Allowance for doubtful debts					(2,369)	-	(2,369)
General and administrative expenses					(40,175)	328	(39,847)
Commission income on deposits					1,523	312	1,835
Investment income					-	1,009	1,009
Other income					-	-	-
<b>TOTAL OTHER OPERATING EXPENSES / INCOME</b>					<b>(41,021)</b>	<b>1,649</b>	<b>(39,372)</b>
Loss for the period							(36,209)
Zakat reversal during the period							9,432
Net deficit							(26,777)
Loss transferred to shareholders							26,777
<b>NET RESULT AFTER TRANSFER OF LOSS TO SHAREHOLDERS</b>							<b>-</b>

**ALLIED COOPERATIVE INSURANCE GROUP (ACIG)**
**(A SAUDI JOINT STOCK COMPANY)**
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS-(CONTINUED)**
**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2022**
**12 SEGMENTAL INFORMATION**

	For the six-month periods ended 30 June 2021						Total
	Medical	Motor	General Accident	Others	Total Insurance Operations	Shareholders' Operations	
	SAR'000						
<b>REVENUES</b>							
Gross premiums written	80,788	183,942	7,621	12,486	284,837	-	284,837
Reinsurance premiums ceded							
-Local	(136)	-	(53)	(702)	(892)	-	(892)
-Foreign	(19,546)	-	(1,929)	(10,650)	(32,125)	-	(32,125)
	(19,682)	-	(1,982)	(11,352)	(33,017)	-	(33,017)
Excess of loss premiums							
-Local	-	(610)	(3)	(89)	(702)	-	(702)
-Foreign	-	(916)	(5)	(134)	(1,055)	-	(1,055)
	-	(1,526)	(8)	(223)	(1,757)	-	(1,757)
Net premiums written	61,106	182,416	5,631	911	250,064	-	250,064
Changes in unearned premiums, net	(4,147)	(14,691)	233	(103)	(18,708)	-	(18,708)
Net premiums earned	56,959	167,725	5,864	808	231,356	-	231,356
Reinsurance commission income	-	-	320	2,360	2,680	-	2,680
Other underwriting income	62	33	179	-	274	-	274
<b>TOTAL REVENUES</b>	<b>57,021</b>	<b>167,758</b>	<b>6,363</b>	<b>3,168</b>	<b>234,310</b>	<b>-</b>	<b>234,310</b>
<b>UNDERWRITING COSTS AND EXPENSES</b>							
Gross claims paid	60,035	134,420	858	95	195,408	-	195,408
Reinsurers' share of claims paid	(17,743)	-	(9)	(42)	(17,794)	-	(17,794)
Net claims paid	42,292	134,420	849	53	177,614	-	177,614
Changes in outstanding claims, net	2,022	75	813	251	3,161	-	3,161
Changes in claims incurred but not reported, net	923	110	-	-	1,033	-	1,033
Net claims incurred	45,237	134,605	1,662	304	181,808	-	181,808
Change in other technical reserve	42	6	10	17	75	-	75
Changes in premium deficiency reserve	(3,065)	(4,455)	-	-	(7,520)	-	(7,520)
Policy acquisition costs	4,713	17,424	382	719	23,238	-	23,238
Other underwriting expenses	(7)	296	-	-	289	-	289
<b>TOTAL UNDERWRITING COSTS AND EXPENSES</b>	<b>46,920</b>	<b>147,876</b>	<b>2,054</b>	<b>1,040</b>	<b>197,890</b>	<b>-</b>	<b>197,890</b>
<b>NET UNDERWRITING INCOME</b>	<b>10,101</b>	<b>19,882</b>	<b>4,309</b>	<b>2,128</b>	<b>36,420</b>	<b>-</b>	<b>36,420</b>
<b>OTHER OPERATING (EXPENSES) / INCOME</b>							
Release of doubtful debts					(1,036)	-	(1,036)
General and administrative expenses					(37,739)	(1,182)	(38,921)
Commission income on deposits					731	193	924
Investment income					-	768	768
Other income					33	-	33
<b>TOTAL OTHER OPERATING EXPENSES, NET</b>					<b>(38,011)</b>	<b>(221)</b>	<b>(38,232)</b>
Loss for the period							(1,812)
Zakat charge for the period							(3,078)
Net loss for the period							(4,890)
<b>NET INCOME ATTRIBUTED TO THE INSURANCE OPERATIONS</b>							-
<b>NET LOSS ATTRIBUTABLE TO THE SHAREHOLDERS</b>							<b>(4,890)</b>

**ALLIED COOPERATIVE INSURANCE GROUP (ACIG)**

**(A SAUDI JOINT STOCK COMPANY)**

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

**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2022**

**12 SEGMENTAL INFORMATION (CONTINUED)**

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

	Medical	Motor	Properties and accident	Total
SAR'000				
<b>Gross premiums written</b>				
Individual	312	90,730	4,216	95,258
Micro enterprise	27,399	1,270	118	28,787
Small	14,606	600	1,138	16,344
Medium	8,884	297	3,489	12,670
Large	11,063	-	4,963	16,026
<b>TOTAL GROSS PREMIUMS WRITTEN</b>	<b>62,264</b>	<b>92,897</b>	<b>13,924</b>	<b>169,085</b>

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

	Medical	Motor	Properties and accident	Total
SAR'000				
<b>Gross premiums written</b>				
Individual	1,213	88,303	1,847	91,363
Micro enterprise	20,551	1,762	153	22,466
Small	11,189	737	760	12,686
Medium	1,245	46	3,701	4,992
Large	283	-	900	1,183
<b>TOTAL GROSS PREMIUMS WRITTEN</b>	<b>34,481</b>	<b>90,848</b>	<b>7,361</b>	<b>132,690</b>

**For the six-months period ended 30 June 2022 (Unaudited)**

	Medical	Motor	Properties and accident	Total
SAR'000				
<b>Gross premiums written</b>				
Individual	944	195,183	9,146	205,273
Micro enterprise	53,222	2,512	395	56,129
Small	25,377	1,511	2,126	29,014
Medium	11,870	492	7,148	19,510
Large	29,689	153	7,155	36,997
<b>TOTAL GROSS PREMIUMS WRITTEN</b>	<b>121,102</b>	<b>199,851</b>	<b>25,970</b>	<b>346,923</b>

**For the six-months period ended 30 June 2021 (Unaudited)**

	Medical	Motor	Properties and accident	Total
SAR'000				
<b>Gross premiums written</b>				
Individual	-	179,731	4,322	184,053
Micro enterprise	39,691	3,045	624	43,360
Small	29,897	1,078	1,718	32,693
Medium	4,091	88	6,712	10,891
Large	7,109	-	6,731	13,840
<b>TOTAL GROSS PREMIUMS WRITTEN</b>	<b>80,788</b>	<b>183,942</b>	<b>20,107</b>	<b>284,837</b>

**ALLIED COOPERATIVE INSURANCE GROUP (ACIG)****(A SAUDI JOINT STOCK COMPANY)****NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS-(CONTINUED)****FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 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	
		30 June 2022 (Unaudited)	30 June 2021 (Unaudited)	30 June 2022 (Unaudited)	31 December, 2021 (Audited)
				SAR'000	
Board of directors	Premuim written	-	145	-	-
Affiliates	Premuim written	-	-	1,881	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	143	138	-	-

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

	SAR'000	
	31 June 2022 (Unaudited)	31 June 2021 (Unaudited)
Salaries and other allowances	969	2,738
Employees' terminal benefits	57	206
	<b>1,026</b>	<b>2,944</b>

**ALLIED COOPERATIVE INSURANCE GROUP (ACIG)**  
**(A SAUDI JOINT STOCK COMPANY)**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS-(CONTINUED)**  
**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2022**

**14 ZAKAT AND INCOME TAX**

	<b>SAR'000</b>	
	<b>30 June 2022</b>	31 December 2021
	<b>(Unaudited)</b>	(Audited)
Balance at the beginning of the period / year	<b>16,888</b>	8,630
Provided/reversed during the period / year	<b>(9,432)</b>	10,576
Payments during the period / year	-	(2,318)
Balance at the end of the period / year	<b>7,456</b>	<b>16,888</b>

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>30 June 2022</b>	31 December 2021
	<b>(Unaudited)</b>	(Audited)
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>7,481</b>	<b>16,913</b>

**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 30 June, 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.

**ALLIED COOPERATIVE INSURANCE GROUP (ACIG)****(A SAUDI JOINT STOCK COMPANY)****NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS-(CONTINUED)****FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2022****15 SHARE CAPITAL**

As at 30 June, 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 extraordinary general meeting held on Muharram 21, 1441H corresponding to August 26, 2020, the shareholders of the Company approved the above recommendation and required changes in the Company by-law relating to the reduction. Accordingly, the share capital and accumulated losses have been reduced to SAR 141 million.

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

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

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

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

**16 LOSS PER SHARE**

Loss 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 at year end.

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

	<b>SAR'000</b>	
	<b>30 June 2022</b>	31 December
	<b>(Unaudited)</b>	2021
Net loss for the year	<b>(26,777)</b>	(4,891)
Weighted average number of ordinary shares outstanding	<b>32,512</b>	19,458
Basic (loss) per share (SAR)	<b>(0.82)</b>	(0.25)

**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.

**ALLIED COOPERATIVE INSURANCE GROUP (ACIG)**

**(A SAUDI JOINT STOCK COMPANY)**

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

**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2022**

**18 SUPPLEMENTARY INFORMATION**

**STATEMENT OF FINANCIAL POSITION**

	SAR '000					
	30 June 2022 (Unaudited)			31 December 2021 (Audited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
<b>ASSETS</b>						
Cash and cash equivalents	135,867	67,285	203,152	52,973	-	52,973
Term deposits	183,648	329	183,977	182,367	-	182,367
Premiums and reinsurers' receivable, net	112,812	-	112,812	98,415	-	98,415
Reinsurers' share of unearned premiums	46,080	-	46,080	34,703	-	34,703
Reinsurers' share of outstanding claims	16,991	-	16,991	12,955	-	12,955
Reinsurers' share of claims incurred but not reported	9,839	-	9,839	8,498	-	8,498
Deferred policy acquisition costs	46,508	-	46,508	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	4,612	-	4,612	5,411	-	5,411
Intangible assets, net	5,664	-	5,664	5,585	-	5,585
Right-of-use asset, net	4,663	-	4,663	3,229	-	3,229
Available-for-sale investments	-	47,817	47,817	-	50,721	50,721
Prepayments and other receivables	64,131	4,307	68,438	57,950	4,884	62,834
Statutory deposit	-	43,650	43,650	-	30,000	30,000
Accrued commission on statutory deposit	-	1,955	1,955	-	1,871	1,871
<b>TOTAL ASSETS</b>	<b>632,800</b>	<b>165,343</b>	<b>798,143</b>	<b>539,373</b>	<b>87,476</b>	<b>626,849</b>
<b>LIABILITIES</b>						
Policyholders claim payable	18,738	-	18,738	20,789	-	20,789
Accrued and other payables	35,063	2,015	37,078	17,430	1,525	18,955
Reinsurances' balances payable	46,793	-	46,793	24,749	-	24,749
Unearned commission income	1,125	-	1,125	1,261	-	1,261
Unearned premiums	337,123	-	337,123	301,744	-	301,744
Premium deficiency reserve	30,882	-	30,882	35,727	-	35,727
Other technical reserve	2,183	-	2,183	1,798	-	1,798
Outstanding claims	47,287	-	47,287	34,605	-	34,605
Claims incurred but not reported	93,779	-	93,779	80,865	-	80,865
Employees' terminal benefits	11,802	-	11,802	12,968	-	12,968
Lease liabilities	3,575	-	3,575	2,983	-	2,983
Due to insurance operations	-	-	-	-	31,249	31,249
Surplus distribution payable	5,987	-	5,987	5,991	-	5,991
Zakat and income tax	-	7,481	7,481	-	19,258	19,258
Accrued commission on statutory deposit payable to SAMA	-	1,955	1,955	-	1,871	1,871
	<b>634,337</b>	<b>11,451</b>	<b>645,788</b>	<b>540,910</b>	<b>53,903</b>	<b>594,813</b>
<b>EQUITY</b>						
Share capital	-	291,000	291,000	-	141,000	141,000
Accumulated losses	-	(142,792)	(142,792)	-	(116,015)	(116,015)
Fair value reserve on investment	-	5,684	5,684	-	8,588	8,588
<b>TOTAL SHAREHOLDER'S EQUITY</b>	<b>-</b>	<b>153,892</b>	<b>153,892</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>153,892</b>	<b>152,355</b>	<b>(1,537)</b>	<b>33,573</b>	<b>32,036</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>632,800</b>	<b>165,343</b>	<b>798,143</b>	<b>539,373</b>	<b>87,476</b>	<b>626,849</b>

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

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

**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2022**

**18 SUPPLEMENTARY INFORMATION (CONTINUED)**

**STATEMENT OF INCOME**

	<b>SAR '000</b>					
	<b>For the six months periods ended 30 June 2022</b>					
	<b>30 June, 2022</b>			<b>30 June, 2021</b>		
<b>Insurance operations</b>	<b>Shareholders' operations</b>	<b>Total</b>	<b>Insurance operations</b>	<b>Shareholders' operations</b>	<b>Total</b>	
<b>REVENUES</b>						
Gross written Premium	346,923	-	346,923	284,837	-	284,837
Reinsurance premiums ceded						
-Local	(637)	-	(637)	(892)	-	(892)
-Foreign	(53,925)	-	(53,925)	(32,125)	-	(32,125)
	(54,562)	-	(54,562)	(33,017)	-	(33,017)
Excess of loss expenses						
-Local	(416)	-	(416)	(702)	-	(702)
-Foreign	(516)	-	(516)	(1,055)	-	(1,055)
	(932)	-	(932)	(1,757)	-	(1,757)
Net written premiums	291,429	-	291,429	250,063	-	250,063
Changes in unearned premiums, net	(23,998)	-	(23,998)	(18,708)	-	(18,708)
<b>Net premiums earned</b>	<b>267,431</b>	<b>-</b>	<b>267,431</b>	<b>231,355</b>	<b>-</b>	<b>231,355</b>
Re-insurance commissions earned	2,181	-	2,181	2,680	-	2,680
Other underwriting income	1,789	-	1,789	274	-	274
<b>TOTAL REVENUES</b>	<b>271,401</b>	<b>-</b>	<b>271,401</b>	<b>234,309</b>	<b>-</b>	<b>234,309</b>
<b>UNDERWRITING COSTS AND EXPENSES</b>						
Gross claims paid	238,330	-	238,330	195,407	-	195,407
Reinsurers' share of claims paid	(22,358)	-	(22,358)	(17,794)	-	(17,794)
<b>Net claims paid</b>	<b>215,972</b>	<b>-</b>	<b>215,972</b>	<b>177,613</b>	<b>-</b>	<b>177,613</b>
Changes in outstanding claims, net	8,349	-	8,349	3,161	-	3,161
Changes in claims incurred but not reported, net	11,459	-	11,459	1,033	-	1,033
<b>Net claims incurred</b>	<b>235,780</b>	<b>-</b>	<b>235,780</b>	<b>181,807</b>	<b>-</b>	<b>181,807</b>
Change in other technical reserves	385	-	385	76	-	76
Change in premium deficiency reserve	(4,844)	-	(4,844)	(7,520)	-	(7,520)
Policy acquisition costs	36,215	-	36,215	23,238	-	23,238
Other underwriting expenses	702	-	702	289	-	289
<b>TOTAL UNDERWRITING COSTS AND EXPENSES</b>	<b>268,238</b>	<b>-</b>	<b>268,238</b>	<b>197,890</b>	<b>-</b>	<b>197,890</b>
<b>NET UNDERWRITING INCOME</b>	<b>3,163</b>	<b>-</b>	<b>3,163</b>	<b>36,419</b>	<b>-</b>	<b>36,419</b>
<b>OTHER OPERATING (EXPENSES) / INCOME</b>						
Allowance for doubtful debts	(2,369)	-	(2,369)	(1,036)	-	(1,036)
General and administrative expenses	(40,175)	328	(39,847)	(37,739)	(1,182)	(38,921)
Commission income on deposits	1,523	312	1,835	731	193	924
Investment income	-	1,009	1,009	-	768	768
Other income	-	-	-	33	-	33
<b>TOTAL OTHER OPERATING EXPENSES</b>	<b>(41,021)</b>	<b>1,649</b>	<b>(39,372)</b>	<b>(38,011)</b>	<b>(221)</b>	<b>(38,232)</b>
<b>TOTAL LOSS FOR THE PERIOD BEFORE ZAKAT AND INCOME TAX AND SURPLUS DISTRIBUTION</b>	<b>(37,858)</b>	<b>1,649</b>	<b>(36,209)</b>	<b>(1,592)</b>	<b>(221)</b>	<b>(1,813)</b>
Zakat reversal for the period	-	9,432	9,432	-	(3,078)	(3,078)
<b>Loss for the period</b>	<b>(37,858)</b>	<b>11,081</b>	<b>(26,777)</b>	<b>(1,592)</b>	<b>(3,299)</b>	<b>(4,891)</b>

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

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

**18 SUPPLEMENTARY INFORMATION (CONTINUED)**

**STATEMENT OF INCOME**

	<b>SAR '000</b>					
	<b>For the six months periods ended 30 June 2022</b>					
	<b>30 June, 2022</b>			<b>30 June, 2021</b>		
<b>Insurance operations</b>	<b>Shareholders' operations</b>	<b>Total</b>	<b>Insurance operations</b>	<b>Shareholders' operations</b>	<b>Total</b>	
(Deficit)/ Surplus transferred to Shareholders	37,858	(37,858)	-	1,592	(1,592)	-
Net result after transfer of surplus to shareholders						
Loss for the period	-	(26,777)	(26,777)	-	(4,891)	(4,891)
Net result after transfer of surplus to shareholders	-	(26,777)	(26,777)	-	(4,891)	(4,891)
Weighted average number of shares	32,512	32,512	32,512	19,458	19,458	19,458
<b>LOSS PER SHARE (EXPRESSED IN SAR PER SHARE)</b>	-	(0.82)	(0.82)	-	(0.25)	(0.25)

**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		(2,904)	(2,904)	-	2,039	2,039
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>		(29,681)	(29,681)	-	(2,852)	(2,852)

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

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

**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2022**

**18 SUPPLEMENTARY INFORMATION (CONTINUED)**

**STATEMENT OF INCOME**

	<b>SAR '000</b>					
	<b>For the three months period ended 30 June 2022</b>					
	<b>30 June, 2022</b>			<b>30 June, 2021</b>		
<b>Insurance operations</b>	<b>Shareholders' operations</b>	<b>Total</b>	<b>Insurance operations</b>	<b>Shareholders' operations</b>	<b>Total</b>	
<b>REVENUES</b>						
Gross written Premium	169,085	-	169,085	132,690	-	132,690
Reinsurance premiums ceded						
-Local	503	-	503	(340)	-	(340)
-Foreign	(29,552)	-	(29,552)	(12,694)	-	(12,694)
	(29,049)	-	(29,049)	(13,034)	-	(13,034)
Excess of loss expenses						
-Local	(322)	-	(322)	(186)	-	(186)
-Foreign	(144)	-	(144)	(280)	-	(280)
	(466)	-	(466)	(466)	-	(466)
Net written premiums	139,570	-	139,570	119,190	-	119,190
Changes in unearned premiums, net	(2,336)	-	(2,336)	156	-	156
<b>Net premiums earned</b>	<b>137,234</b>	<b>-</b>	<b>137,234</b>	<b>119,346</b>	<b>-</b>	<b>119,346</b>
Re-insurance commissions earned	1,372	-	1,372	1,199	-	1,199
Other underwriting income	1,789	-	1,789	(4)	-	(4)
<b>TOTAL REVENUES</b>	<b>140,395</b>	<b>-</b>	<b>140,395</b>	<b>120,541</b>	<b>-</b>	<b>120,541</b>
<b>UNDERWRITING COSTS AND EXPENSES</b>						
Gross claims paid	109,033	-	109,033	101,244	-	101,244
Reinsurers' share of claims paid	(11,598)	-	(11,598)	(8,525)	-	(8,525)
<b>Net claims paid</b>	<b>97,435</b>	<b>-</b>	<b>97,435</b>	<b>92,719</b>	<b>-</b>	<b>92,719</b>
Changes in outstanding claims, net	5,059	-	5,059	4,074	-	4,074
Changes in claims incurred but not reported, net	15,958	-	15,958	(1,444)	-	(1,444)
<b>Net claims incurred</b>	<b>118,452</b>	<b>-</b>	<b>118,452</b>	<b>95,349</b>	<b>-</b>	<b>95,349</b>
Change in other technical reserves	419	-	419	3	-	3
Change in premium deficiency reserve	(9,163)	-	(9,163)	(2,909)	-	(2,909)
Policy acquisition costs	17,605	-	17,605	13,815	-	13,815
Other underwriting expenses	16	-	16	52	-	52
<b>TOTAL UNDERWRITING COSTS AND EXPENSES</b>	<b>127,329</b>	<b>-</b>	<b>127,329</b>	<b>106,310</b>	<b>-</b>	<b>106,310</b>
<b>NET UNDERWRITING (LOSS) / INCOME</b>	<b>13,066</b>	<b>-</b>	<b>13,066</b>	<b>14,231</b>	<b>-</b>	<b>14,231</b>
<b>OTHER OPERATING (EXPENSES) / INCOME</b>						
Allowance for doubtful debts	(1,370)	-	(1,370)	(440)	-	(440)
General and administrative expenses	(19,242)	(785)	(20,027)	(19,344)	(723)	(20,067)
Commission income on deposits	1,019	180	1,199	365	91	456
Investment income	-	505	505	-	275	275
Other income	-	-	-	4	-	4
<b>TOTAL OTHER OPERATING EXPENSES</b>	<b>(19,593)</b>	<b>(100)</b>	<b>(19,693)</b>	<b>(19,415)</b>	<b>(357)</b>	<b>(19,772)</b>
<b>TOTAL LOSS FOR THE PERIOD BEFORE ZAKAT AND INCOME TAX AND SURPLUS DISTRIBUTION</b>	<b>(6,527)</b>	<b>(100)</b>	<b>(6,627)</b>	<b>(5,184)</b>	<b>(357)</b>	<b>(5,541)</b>
Zakat reversal for the period	-	7,932	7,932	-	(1,778)	(1,778)
<b>Income for the period</b>	<b>(6,527)</b>	<b>7,832</b>	<b>1,305</b>	<b>(5,184)</b>	<b>(2,135)</b>	<b>(7,319)</b>

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

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

**18 SUPPLEMENTARY INFORMATION (CONTINUED)**

**STATEMENT OF INCOME**

	<b>SAR '000</b>					
	<b>For the three months period ended 30 June 2022</b>					
	<b>30 June, 2022</b>			<b>30 June, 2021</b>		
<b>Insurance operations</b>	<b>Shareholders' operations</b>	<b>Total</b>	<b>Insurance operations</b>	<b>Shareholders' operations</b>	<b>Total</b>	
(Deficit)/ Surplus transferred to Shareholders	6,527	(6,527)	-	5,184	(5,184)	-
Net result after transfer of surplus to shareholders						
Loss for the period	-	1,305	1,305	-	(7,319)	(7,319)
Net result after transfer of surplus to shareholders	-	1,305	1,305	-	(7,319)	(7,319)
Weighted average number of shares	32,512	32,512	32,512	19,458	19,458	19,458
<b>EARNING /(LOSS) PER SHARE (EXPRESSED IN SAR PER SHARE)</b>	-	0.04	0.04	-	(0.38)	(0.38)

**OTHER COMPREHENSIVE INCOME / (LOSS)**

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

Available-for-sale investments:

-Net change in fair value

	-	(4,750)	(4,750)	-	(34)	(34)
<b>TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE PERIOD</b>	-	(3,445)	(3,445)	-	(7,353)	(7,353)

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

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

**18 SUPPLEMENTARY INFORMATION (CONTINUED)**

**STATEMENT OF CASH FLOWS**

	SAR '000					
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	For the six months period ended 30 June, 2022			For the six months period ended 30 June, 2021		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Net loss for the period before zakat and income tax	-	(36,209)	(36,209)	(1,592)	(221)	(1,813)
Adjustments for non-cash items:						
Depreciation of property and equipment	694	-	694	1,003	-	1,003
Amortization of intangibles and right of use assets	1,942	-	1,942	1,493	-	1,493
Employees' terminal benefits	721	-	721	781	-	781
Allowance for doubtful debts	2,369	-	2,369	1,036	-	1,036
Finance costs of lease liability	70	-	70	-	-	-
	<b>5,796</b>	<b>(36,209)</b>	<b>(30,413)</b>	<b>2,721</b>	<b>(221)</b>	<b>2,500</b>
<b>Changes in operating assets and liabilities:</b>						
Premiums and reinsurers' receivable	(16,908)	-	(16,908)	(5,851)	-	(5,851)
Reinsurers' share of unearned premiums	(11,377)	-	(11,377)	1,231	-	1,231
Reinsurers' share of outstanding claims	(4,036)	-	(4,036)	(1,645)	-	(1,645)
Reinsurers' share of claims incurred but not reported	(1,341)	-	(1,341)	(930)	-	(930)
Deferred policy acquisition costs	(2,455)	-	(2,455)	(5,058)	-	(5,058)
Due from shareholder's operation	31,249	-	31,249	-	-	-
Prepayments and other receivables	(6,181)	(1,783)	(7,964)	(5,765)	(318)	(6,083)
Policyholders claim payables	(2,051)	-	(2,051)	(8,542)	-	(8,542)
Accrued and other payables	17,633	(490)	17,143	(4,297)	(959)	(5,256)
Reinsurers' balances payable	22,044	-	22,044	9,682	-	9,682
Unearned commission income	(136)	-	(136)	(182)	-	(182)
Unearned premiums	35,379	-	35,379	17,746	-	17,746
Premium deficiency reserve	(4,845)	-	(4,845)	(7,521)	-	(7,521)
Other technical reserves	385	-	385	75	-	75
Outstanding claims	12,682	-	12,682	4,806	-	4,806
Claims incurred but not reported	12,914	-	12,914	1,963	-	1,963
Due to insurance operations	-	(31,249)	(31,249)	-	-	-
	<b>88,752</b>	<b>(69,731)</b>	<b>19,021</b>	<b>(1,567)</b>	<b>(1,498)</b>	<b>(3,065)</b>
Employees' terminal benefits paid	(1,887)	-	(1,887)	(217)	-	(217)
Surplus paid to policyholder	(5)	-	(5)	-	-	-
Zakat and income tax paid	-	-	-	-	-	-
<b>Net cash generated from / (used in) operating activities</b>	<b>86,860</b>	<b>(69,731)</b>	<b>17,129</b>	<b>(1,784)</b>	<b>(1,498)</b>	<b>(3,282)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Purchase of property and equipment	(541)	-	(541)	(765)	-	(765)
Disposal of property and equipment	646	-	646	-	-	-
Purchase of intangible assets	(708)	-	(708)	(187)	-	(187)
Payment of lease liability	(2,082)	-	(2,082)	119,331	-	119,331
Placement of term deposits	(1,281)	-	(1,281)	-	-	-
Proceed from sale of available-for-sale investment	-	-	-	-	(61,304)	(61,304)
Increase in statutory deposit	-	(12,984)	(12,984)	-	-	-
<b>Net cash used in investing activities</b>	<b>(3,966)</b>	<b>(12,984)</b>	<b>(16,950)</b>	<b>118,379</b>	<b>(61,304)</b>	<b>57,075</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
Issuance of share capital	-	150,000	150,000	-	-	-
Lease liabilities	-	-	-	(984)	-	-
<b>Net cash generated from/(used in) financing activities</b>	<b>-</b>	<b>150,000</b>	<b>150,000</b>	<b>(984)</b>	<b>-</b>	<b>-</b>
Net change in cash and cash equivalents	82,894	67,285	150,179	115,611	(62,802)	52,809
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>	<b>135,867</b>	<b>67,285</b>	<b>203,152</b>	<b>188,336</b>	<b>12,449</b>	<b>200,785</b>

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

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

---

**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 six months period ended 30 June 2022.

**21 APPROVAL OF THE FINANCIAL STATEMENTS**

These financial statements have been approved by the Board of Directors on 17 August, 2022 (Corresponding to Muharram 19, 1444 AH).