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

INTERM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
AND INDEPENDENT AUDITORS' REVIEW REPORT
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2023

ALLIED COOPERATIVE INSURANCE GROUP (ACIG)
(A SAUDI JOINT STOCK COMPANY)
FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT
FOR THE THREE MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2023

Crowe
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
(A Saudi Joint Stock Company)
Riyadh, Kingdom of Saudi Arabia

Introduction

We have reviewed the accompanying interim condensed statement of financial position of Allied Cooperative Insurance Group (A Saudi Joint Stock Company) ("the Company") as at September 30, 2023, the related interim condensed statements of income and comprehensive income for the three and nine month periods then ended, and the interim condensed statements of changes in equity and cash flows for the nine month period then ended, and the related notes which form integral part of these interim condensed financial statements. Management is responsible for the preparation and fair presentation of these interim condensed financial statements in accordance with International Accounting Standard ("IAS") 34, 'Interim Financial Reporting' 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 condensed financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 2 to the interim condensed financial statements, which indicates that as of 30 September 2023, the accumulated losses represent 31.28% (31 December 2022: 49.26%) of the Company's share capital. These events and conditions indicate a material uncertainty on the Company's ability to continue as a going concern. However, various strategic options were considered by the Company's Board of Directors.

Crowe
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 - CONTINUED

Material Uncertainty Related to Going Concern - Continued

Based on the above, the Company's management has assessed its ability to continue as a going concern and is satisfied that the Company's operations shall continue for the foreseeable future under the normal course of business. Accordingly, the financial statements have been prepared on the going concern basis and do not include any adjustments, which may be required, if the Company is not able to continue as a going concern.

Our opinion is not modified in respect of this matter.

Al Azem, Al Sudairy, Al Shaikh & Partners
For Professional Consulting

P. O. Box 10504
Riyadh 11443
Kingdom of Saudi Arabia

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

AlKharashi and 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

November 08, 2023
Rabi'Al-Thani 24, 1445H

العظم و السديري و آل الشيخ وشركاؤهم
للإستشارات المهنية - عضو كرو الدولية
C.R. 1010466353
سجل تجاري ١٠١٠٤٦٦٣٥٣
Al Azem , Al Sudairy , Al shaikh & Partners
For Professional Consulting - M.C.Global R

الخراشي وشركاه
محاسبون و مراجعون قانونيون
س.ت: C.R.: 1010327044
Certified Accountants
& Auditors
AL-Kharashi Co.

ALLIED COOPERATIVE INSURANCE GROUP (ACIG)
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2023

	Notes	30 September 2023 (Unaudited)	31 December 2022 (Restated)* (Unaudited)	01 January 2022 (Restated)* (Unaudited)
		SAR '000		
ASSETS				
Reinsurance contract assets	7.3	**59,985**	62,506	44,797
Cash and cash equivalents	5	**677,184**	484,331	52,934
Term deposits	6	**-**	-	182,127
Investments measured at fair value through other comprehensive income	8.1	**39,703**	67,099	65,830
Debt instruments at amortised cost.	8.2	**20,000**	20,000	20,000
Prepayments and other receivables		**77,001**	66,925	60,489
Property and equipment, net		**3,470**	4,596	5,411
Intangible assets, net		**6,916**	6,046	5,585
Right-of-use asset, net		**1,644**	3,309	3,229
Due from a related party		**-**	1,985	1,985
Statutory deposit	9	**43,650**	43,650	30,000
Accrued commission on statutory deposit		**1,135**	2,342	1,871
TOTAL ASSETS		**930,688**	762,789	474,258
LIABILITIES				
Insurance contract liabilities	7	**669,663**	546,825	378,553
Reinsurance contract liabilities	7	**-**	-	960
Employees' terminal benefits		**14,744**	13,072	12,968
Lease liabilities		**814**	2,122	2,983
Provision for zakat and income tax	13	**8,622**	9,481	16,913
Accruals and other payables		**401**	-	-
Accrued commission on statutory deposit payable to SAMA		**1,135**	2,342	1,871
TOTAL LIABILITIES		**695,379**	573,842	414,248
EQUITY				
Share capital	14	**291,000**	291,000	141,000
Accumulated losses		**(91,039)**	(143,335)	(123,150)
Fair values reserve on investments		**37,780**	43,714	43,697
Re-measurement reserve of employees' terminal benefits		**(2,432)**	(2,432)	(1,537)
TOTAL EQUITY		**235,309**	188,947	60,010
TOTAL LIABILITIES AND EQUITY		**930,688**	762,789	474,258
COMMITMENTS AND CONTINGENCIES		**4,329**	4,809	2,998

*Comparative information has been restated (refer note 4).

Managing Director | Chief Executive Officer | Chief Financial Officer

The accompanying notes 1 to 17 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 - (UNAUDITED)
FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2023

	Notes	SAR'000			
		For the three month period ended		For the nine month period ended	
		30 September 2023	30 September 2022 (Restated)*	**30 September 2023**	30 September 2022 (Restated)*
REVENUES					
Insurance revenue		**256,183**	175,062	**730,577**	485,552
Insurance service expenses		**(214,730)**	(157,620)	**(657,526)**	(489,998)
Insurance service result before reinsurance contracts held		**41,453**	17,442	**73,051**	(4,446)
Allocation of reinsurance premiums	7.3	**(21,162)**	(23,428)	**(68,384)**	(65,362)
Amounts recoverable from reinsurance	7.3	**9,305**	15,706	**38,547**	44,122
Net expenses from reinsurance contracts held		**(11,857)**	(7,722)	**(29,837)**	(21,240)
Insurance service result		**29,596**	**9,720**	**43,214**	(25,686)
Interest revenue from financial assets not measured at FVTOCI		**9,655**	1,471	**25,494**	3,306
Other investment income		**164**	392	**1,202**	1,401
Net impairment loss on financial assets		**(60)**	196	**(126)**	(101)
Net investment income		**9,759**	2,059	**26,570**	4,606
Net finance expenses from insurance contracts issued		**1,231**	3,004	**1,859**	3,517
Net finance income/(expenses) from reinsurance contracts held	7	**(4)**	(252)	**330**	(215)
Net insurance finance income		**1,227**	2,752	**2,189**	3,302
Net insurance and investment result		**40,582**	14,531	**71,973**	(17,778)
Other income		**706**	257	**707**	257
Other operating expenses		**(6,689)**	(7,369)	**(20,518)**	(18,104)
Net profit / (loss) for the period, before zakat & income tax, attributable to the shareholders		**34,599**	7,419	**52,162**	(35,625)
Zakat (charged) / reversed during the period		**(2,300)**	6,932	**(5,800)**	8,432
Net profit / (loss) for the period, after zakat & income tax, attributeable to shareholders only		**32,299**	14,351	**46,362**	(27,193)
Weighted average number of ordinary shares outstanding (in thousands shares)	15	**29,100**	29,100	**29,100**	28,366
Basic and diluted earning /(loss) per share for the period (SAR per share)		**1.11**	0.49	**1.59**	(0.96)

*Comparative information has been restated (refer note 4).

Managing Director | Chief Executive Officer | Chief Financial Officer

The accompanying notes 1 to 17 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-(UNAUDITED)
FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2023

		SAR'000			
		For the three month period ended		For the nine month period ended	
	Notes	**30 September 2023**	30 September 2022 (Restated)*	**30 September 2023**	30 September 2022 (Restated)*
Net profit / (loss) attributed to the shareholders after zakat and income tax		**32,299**	14,351	**46,362**	(27,193)
Other comprehensive income:					
Items that will not be reclassified to statement of income in subsequent years					
Investments at fair value through Other comprehesive income					
- Net change in fair value of FVOCI Investments		-	4,907	-	2,003
Total other comprehensive income for the period		-	4,907	-	2,003
Total comprehensive income / (loss) for the period		**32,299**	19,258	**46,362**	(25,190)

*Comparative information has been restated (refer note 4).

Managing Director

Chief Executive Officer

Chief Financial Officer

The accompanying notes 1 to 17 form an integral part of these interim condensed financial statements.

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY - (UNAUDITED)
FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2023

	SAR'000				
	Share capital	Accumulated losses	Fair value reserve for investments	Re-measurement reserve of employees' terminal benefits	Total
30 September 2023					
Balance as at 1 January 2023 , as previously reported	291,000	(132,191)	5,934	(2,432)	162,311
Transition adjustment on initial application of IFRS 17, net of Zakat and tax	-	(11,094)	-	-	(11,094)
Transition adjustment on initial application of IFRS 09, net of Zakat and tax	-	(50)	37,780	-	37,730
Restated balance as at 1 January 2023	291,000	(143,335)	43,714	(2,432)	188,947
Sale of investments measured at fair value through OCI	-	5,934	(5,934)	-	-
Net Profit for the period attributable to the shareholders	-	46,362	-	-	46,362
Total comprehensive (loss) / income	-	52,296	(5,934)	-	46,362
Balance as at 30 September 2023	291,000	(91,039)	37,780	(2,432)	235,309
30 September 2022					
Balance as at 01 January 2022 , as previously reported	141,000	(116,015)	8,588	(1,537)	32,036
Transition adjustment on initial application of IFRS 17, net of Zakat and tax	-	(6,856)	-	-	(6,856)
Transition adjustment on initial application of IFRS 09, net of Zakat and tax	-	(279)	35,109	-	34,830
Restated balance as at 1 January 2022	141,000	(123,150)	43,697	(1,537)	60,010
Change in fair value reserve on investments measured at fair value through other comprehensive income (Restated)	-	-	2,003	-	2,003
Loss for the period attributable to the shareholders (Restated)	-	(27,193)	-	-	(27,193)
Total comprehensive (loss) / income attributable to the shareholders	-	(27,193)	2,003	-	(25,190)
Increase in share capital through right issue	150,000	-	-	-	150,000
Balance as at 30 September 2022 (Restated)	291,000	(150,343)	45,700	(1,537)	184,820

*Comparative information has been restated (refer note 4).

Managing Director | Chief Executive Officer | Chief Financial Officer

The accompanying notes 1 to 17 form an integral part of these interim condensed financial statements.

INTERIM CONDENSED STATEMENT OF CASH FLOWS-(UNAUDITED)
FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2023

	SAR '000'	
	30 September 2023	30 September 2022 (Restated)*
CASH FLOWS FROM OPERATING ACTIVITIES		
Income/(loss) for the period before zakat & income tax	**52,162**	(35,625)
Adjustments for non-cash items:		
Depreciation of property and equipment	**1,367**	1,105
Depreciation of right of use assets	**1,665**	1,993
Finance cost of lease liability	**26**	98
Amortisation of intangible assets	**1,224**	965
Gain on disposal of investments measured at fair value thorugh other comprehensive income	**(113)**	-
Interest revenue from financial assets not measured at FVTOCI	**(25,494)**	(3,306)
Other investment income	**(1,202)**	(1,401)
Employees' terminal benefits	**2,245**	1,949
Impairment loss on financial assets	**126**	101
Finance income	**(2,189)**	(3,302)
	29,817	(37,423)
Changes in operating assets and liabilities:		
Insurance contract liabilities	**126,878**	64,888
Reinsurance contract assets	**2,521**	3,507
Accruals and other payables	**401**	-
Reinsurance contract liabilities	**-**	960
Prepayments and other receivables	**(10,076)**	(18,617)
	149,541	13,315
Employees' terminal benefits paid	**(573)**	(2,487)
Zakat and income tax paid during the period	**(6,659)**	-
Net cash generated from operating activities	**142,309**	10,828
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	**(233)**	(714)
Purchase of intangible assets	**(2,094)**	(1,371)
Maturity of term deposits	**-**	182,367
Proceed from sale of Investments measured at fair value through other comprehensive income	**27,509**	-
Interest revenue from financial assets not measured at FVTOCI	**25,494**	3,306
Other investment income	**1,202**	1,401
Increase in statutory deposit	**-**	13,650
Net cash generated from investing activities	**51,878**	198,639
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of share capital	**-**	150,000
Payment of lease liability	**(1,334)**	(3,256)
Net cash (used in) / generated from financing activities	**(1,334)**	146,744
Net increase in cash and cash equivalents	**192,853**	356,211
Cash and cash equivalents, beginning of the period	**484,331**	52,934
Cash and cash equivalents, end of the period	**677,184**	409,145
NON-CASH INFORMATION		
Additions in right of use assets	**-**	2,747
Change in the fair value of the investments	**-**	2,003

*Comparative information has been restated (refer note 4).

Managing Director

Chief Executive Officer

Chief Financial Officer

The accompanying notes 1 to 17 form an integral part of these interim condensed financial statements.

1 ORGANIZATION AND PRINCIPAL ACTIVITIES

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

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

The Company has 3 registered branches as set out below:

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

Proposed Merger

The Company signed a non-binding Memorandum of Understanding (the "MOU") with Amana Cooperative Insurance Company on 07/02/1444H (corresponding to 03/09/2022G) to evaluate a potential merger between the two companies. As per the said announcement, both companies will conduct technical, financial, legal and actuarial due diligence and engage in non-binding discussions on the terms and conditions of the potential merger. The two companies have initially agreed that the methodology used for valuation will be based on equity book value (after any mutually agreed due diligence adjustments). On 15-03-1444 AH (corresponding to 11-10-2022) ,the Company announced the appointment of Alinma Investment Company as financial advisor and PricewaterhouseCoopers (PWC) as due diligence consultant to assess the company's financial position for the purposes of the feasibility of merging with Amana Cooperative Insurance Company. As at the date of these interim condensed financial statements, the company is in the process of negotiating the terms of the merger agreement.

2 BASIS OF PREPARATION

(a) Statement of compliance

The interim condensed financial statements of the Company have been prepared in accordance with 'International Accounting Standard 34 - Interim Financial Reporting ("IAS 34") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncement issued by Saudi Organisation for Chartered and Professional Accountants ("SOCPA"). This is the first set of the Company's interim condensed financial statements in which IFRS 17 "Insurance Contracts" and IFRS 9 "Financial Instruments" as endorsed in Kingdom of Saudi Arabia have been applied and the resultant changes to the significant accounting policies are described in Note 3.

The Company's income for the nine- months period ended 30 September 2023 of SAR 46.3 million (30 September 2022: Loss for the nine- months period ended was SAR 27.19 million) and, as of that date, the accumulated losses of the Company as at 30 September 2023 are 31.28 % of its share capital (31 December 2022: 49.26%) and the solvency margin of the Company reached to 109 % (31 December 2022: -87%). These events and conditions indicate a material uncertainty on the Company's ability to continue as a going concern. However, various strategic options were considered by the Company's Board of Directors. Based on the above, the Company's management has assessed its ability to continue as a going concern and is satisfied that the Company's operations shall continue for the foreseeable future under the normal course of business.

The interim condensed financial statements are prepared under the going concern basis and the historical cost convention, except for the measurement of fair value through other comprehensive income (FVOCI) and liabilities for defined benefit obligations [Employees' end of service benefits ("EOSBs")] recorded at the present value using the projected unit credit method. The Company's interim condensed statement of financial position is presented in order of liquidity. The current and non-current classification of the assets and liabilities have not changed since the year ended 31 December 2022.

The interim condensed financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the annual financial statements as of and for the year ended 31 December 2022.

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

These interim condensed financial statements are expressed in Saudi Arabian Riyals (SAR) and all amounts are rounded off to the nearest thousand, unless otherwise indicated.

(b) Critical accounting judgments, estimates and assumptions

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

Insurance Contracts

The Company issues insurance contracts that transfer insurance risk. Insurance contracts are those contracts where the insurer accepts significant insurance risk from the policyholder by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder. The Company uses judgement to assess whether a contract transfers insurance risk (that is, if there is a scenario with commercial substance in which the Company has the possibility of a loss on a present value basis) and whether the accepted insurance risk is significant. In making this assessment, all substantive rights and obligations, including those arising from law or regulation, are considered on a contract-by-contract basis.

The measurement of these insurance contracts also requires significant judgement and estimates. These significant judgement and estimates include risk adjustment ("RA") and liability for incurred claims – estimate of future cash flows. Refer to note 3 for further details.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies, estimates and assumptions used in the preparation of these interim condensed financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2022 except as mentioned below and in note 3(b):

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

Amendments to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use
Amendments to IAS 37 Onerous Contracts – Costs of Fulfilling a Contract
Amendments to IAS 37 Amendments to IFRS 3 Reference to the Conceptual Framework

These amendments had no impact on the interim condensed financial statements of the Company.

b) Significant accounting policies, including key judgments and estimates

i) IFRS 17 – accounting policies, including key judgments and estimates

IFRS 17 replaces IFRS 4 Insurance Contracts and is effective for annual periods beginning on or after 1 January 2023, with early adoption permitted. IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts, reinsurance contracts and investment contracts with direct participation features ("DPF"). The Company has applied the full retrospective approach to each group of insurance contracts.
The Company issues insurance contracts that transfer insurance risk. Insurance contracts are those contracts where the insurer accepts significant insurance risk from the policyholder by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder. Cash flows from insurance contracts are split into Liability for Incurred Claims ("LIC") and Liability for Remaining Coverage ("LRC").

Unit of account and measurement model

The company deals in products related to motor, medical and other general lines. The Company has defined portfolios of insurance contracts issued based on products as that includes Medical Malpractice, worker's Compensation/Product Libility/Commercial General Liability/Other general accident Products, All other General Accident products (including Travel), motor Retail TPL, motor Fleet TPL, motor TPL Manafeth,motor Retail Comprehensive, motor Fleet Comprehensive, property, marine, construction All Risks/Erection All Risks, all other engineering products medical SME, medical Group, medical visitor visa The proportional reinsurance portfolios include, General Accident Quota Share & Surplus, Travel Quota Share Property Quota Share & Surplus, marine Quota Share & Surplus. Each portfolio is further disaggregated into groups of contracts that are issued within a underwriting year (annual cohorts) and are: (i) contracts that are onerous at initial recognition; (ii) contracts that at initial recognition have no significant possibility of becoming onerous subsequently; or (iii) a group of remaining contracts. These groups represent the level of aggregation at which insurance contracts are initially recognised and measured. Such groups are not subsequently reconsidered.

The GMM is the default model to measure insurance contracts using updated estimates and assumptions that reflect the timing of cash flows and any uncertainty relating to insurance contracts.
The liability for remaining coverage includes:

• Fulfilment cash flows which are comprised of:
- Discounted estimates of future cash flows.; and
- A risk adjustment which is the compensation required for bearing uncertainty; and
- Contractual service margin which is the unearned profit that is recognized as services are provided.

The premium allocation approach ("PAA") is a simplified approach for the measurement of the liability for remaining coverage, that an entity may choose to use when the premium allocation approach provides a measurement which is not materially different from that under the general measurement model or if the coverage period of each contract in the Company of insurance contracts is one year or less. Under the premium allocation approach, the liability for remaining coverage is measured as the amount of premiums received net of acquisition cash flows paid, less the net amount of premiums and acquisition cash flows that have been recognized in profit or loss over the expired portion of the coverage period based on the passage of time.

The Company uses the PAA for measuring contracts with a coverage period of one year or less. The Company is adopting the PAA measurement model for the measurement of LRC for all the portfolios. This is principally based on the eligibility test for fulfillment cash flows and that coverage period for most contracts are one year or less. Some contracts have coverage period more than one year, but passed the eligibility test.

3 SIGNIFICANT ACCOUNTING POLICIES-(CONTINUED)

b) Significant accounting policies, including key judgments and estimates-(continued)

i) IFRS 17 – accounting policies, including key judgments and estimates-(continued)

Initial and subsequent measurement

Group of insurance contracts issued are initially recognised from the earliest of the following:
• the beginning of the coverage period;
• the date when the first payment from the policyholder is due or actually received, if there is no due date; and
• when the Company determines that a Group of contracts becomes onerous.

For insurance contracts issued, on initial recognition, the Company measures the LRC at the amount of premiums received, less any acquisition cash flows paid.

The carrying amount of a Group of insurance contracts issued at the end of each reporting period is the sum of:
a. the LRC; and
b. the LIC, comprising the fulfillment cash flows ("FCF") related to past service allocated to the Group at the reporting date.

For insurance contracts issued, at each of the subsequent reporting dates, the LRC is:

a) increased for premiums received in the period, excluding amounts that relate to premium receivables included in the LIC;
b) decreased for insurance acquisition cash flows paid in the period;
c) decreased for the amounts of expected premium receipts recognised as insurance revenue for the services provided in the period; and
d) increased for the amortisation of insurance acquisition cash flows in the period recognised as insurance service expenses.

An insurance contract may contain one or more components that would be within the scope of another standard if they were separate contracts. IFRS 17 defines investment components as the amounts that an insurance contract requires an insurer to repay to a policyholder in all circumstances, regardless of whether an insured event has occurred. For example, an insurance contract may include an investment component or a service component (or both). The non-insurance components may need to be separated for the purposes of reporting under IFRS 17 if they are deemed to be distinct. Based on Company's assessment, there are no investment components within insurance contracts issued by the Company.An insurance contract may contain one or more components that would be within the scope of another standard if they were separate contracts. IFRS 17 defines investment components as the amounts that an insurance contract requires an insurer to repay to a policyholder in all circumstances, regardless of whether an insured event has occurred. For example, an insurance contract may include an investment component or a service component (or both). The non-insurance components may need to be separated for the purposes of reporting under IFRS 17 if they are deemed to be distinct. Based on Company's assessment, there are no investment components within insurance contracts issued by the Company.

Only contracts that individually meet the recognition criteria by the end of the reporting period are included in the groups. When contracts meet the recognition criteria in the groups after the reporting date, they are added to the groups in the reporting period in which they meet the recognition criteria, subject to the annual cohorts restriction. Composition of the groups is not reassessed in subsequent periods.

Liability for Incurred Claims "LIC"

The Company estimates the liability for incurred claims and expenses as the fulfillment cash flows related to incurred claims and expenses. The fulfillment cash flows are an explicit, unbiased, and probability-weighted estimate of the present value of the future cash flows, within the contract boundary of a group of contracts, that will arise as the entity fulfill its obligation under the insurance contracts, including a risk adjustment for non-financial risk. The Company presents the entire change in risk adjustment as part of insurance service results.

The Company establishes insurance claims liabilities to cover the estimated liability for the cash flows associated with incurred losses as at the balance sheet date, including claims not yet reported ("IBNR") and loss adjustment expenses incurred with respect to insurance contracts underwritten and reinsurance contracts placed by the Company. The ultimate cost of claims liabilities is estimated by using generally accepted standard actuarial techniques.

The main assumption underlying these techniques is that the Company's past claims development experience can be used to project future claims development and hence ultimate claims costs. As such, these methods extrapolate the development of paid and incurred losses, average costs per claim (severity) and average number of claims (frequency) based on the observed development of earlier years and expected loss ratios. Historical claims development is analyzed by accident year, for segments of business with homogenous risks.

3 SIGNIFICANT ACCOUNTING POLICIES-(CONTINUED)

b) Significant accounting policies, including key judgments and estimates-(continued)

i) IFRS 17 – accounting policies, including key judgments and estimates-(continued)

Liability for Incurred Claims "LIC"-(Continued)

Additional qualitative judgment is used to assess the extent to which past trends may not apply in the future (e.g., to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) to arrive at the estimated ultimate cost of claims that present the probability-weighted expected value outcome from the range of possible outcomes, taking into account all the uncertainties involved.

The Company has elected not to adjust the LRC for the effect of time value of money, as it expects the time between providing each part of the coverage and the related premium due date to be one year or less.

Contract boundary

The Company uses the concept of contract boundary to determine what cash flows should be considered in the measurement of group of insurance contracts.

Cash flows are within the boundary of an insurance contract if they arise from the rights and obligations that exist during the period in which the policyholder is obligated to pay premiums or the Company has a substantive obligation to provide the policyholder with insurance contract services. A substantive obligation ends when:
a. the Company has the practical ability to reprice the risks of the particular policyholder or change the level of benefits so that the price fully reflects those risks; or
b. both of the following criteria are satisfied:
i. the Company has the practical ability to reprice the contract or a portfolio of contracts so that the price fully reflects the reassessed risk of that portfolio; and
ii. the pricing of premiums up to the date when risks are reassessed does not reflect the risks related to periods beyond the reassessment date.

In assessing the practical ability to reprice, risks transferred from the policyholder to the Company, such as insurance and financial risks, are considered; other risks, such as lapse or surrender and expense risk, are not included.Cash flows outside the insurance contracts boundary relate to future insurance contracts and are recognised when those contracts meet the recognition criteria.

Cash flows outside the insurance contracts boundary relate to future insurance contracts and are recognised when those contracts meet the recognition criteria.

Insurance acquisition costs and directly attributable expenses

Insurance acquisition cash flows are the costs that are directly associated with selling, underwriting and starting a group of insurance contracts (issued or expected to be issued) and that are directly attributable to a portfolio of insurance contracts.

Directly attributable expenses are the costs that can be fully or partially attributed to the fulfillment of the group of insurance contracts. The Company allocates the attributable costs based on a number of drivers.

Both acquisition and attributable costs fall under the insurance service expense. While the non-attributable costs are reported under other operating expenses. The Company amortises the insurance accquistion costs over the contract period.

Other operating expenses

Other operating expenses include non-attributable expenses which are administrative expenses and are not linked to insurance contracts.

Insurance revenue

The insurance revenue for the period is the amount of expected premium receipts allocated to the period. The Company allocates the expected premium receipts to each period of insurance contract services on the basis of the passage of time. The impact of seasonality is not considered material in relation to recording the insurance revenue.Insurance revenue is adjusted to allow for policyholders' default on future premiums. The default probability is derived from the expected loss model prescribed under IFRS 9.

3 SIGNIFICANT ACCOUNTING POLICIES-(CONTINUED)

b) Significant accounting policies, including key judgments and estimates-(continued)

i) IFRS 17 – accounting policies, including key judgments and estimates-(continued)

Insurance Service expenses

Insurance service expenses include the following:

a. incurred claims for the period.
b. other incurred directly attributable expenses.
c. insurance acquisition cash flows amortization.
d. changes that relate to past service – changes in the FCF relating to the LIC.
e. changes that relate to future service – changes in the FCF that result in onerous contract losses or reversals of those losses.

Onerous contract

A group of contracts is onerous at initial recognition if there is a net outflow of fulfilment cash flows. As a result, a liability for the net outflow is recognized as a loss component within the liability for remaining coverage and a loss is recognized immediately in the interim condensed statement of income in insurance service expense. The loss component is then amortized to condensed interim statement of income over the coverage period to offset incurred claims in insurance service expense. The loss component is measured on a gross basis but may be mitigated by a loss recovery component if the contracts are covered by reinsurance.

Risk adjustment for non-financial risk

The risk adjustment for non-financial risk is applied to the present value of the estimated future cash flows, and it reflects the compensation that the Company requires for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk as the Company fulfils insurance contracts. The Company has chosen a confidence level based on the 65th percentile of the distribution of the claim reserves, considering the confidence level is adequate to cover sources of uncertainty about the amount and timing of the cash flows.

(ii) IFRS 9 – accounting policies, including key judgments and estimates

IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement and is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. However, the Company has met the relevant criteria and has applied the temporary exemption from IFRS 9 for annual periods before 1 January 2023. For transition to IFRS 9, the Company applied a retrospective approach to be in line with transition option adopted under IFRS 17 while applying the relevant practical expedients under IFRS 9.

Financial assets – Classification

On initial recognition, a financial asset is classified as measured at amortized cost, fair value through other comprehensive income (FVOCI) or fair value through profit and loss (FVTPL).

Financial assets at amortized cost

Debt Instruments:

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:
- The asset is held within a business model whose objective is achieved by collecting 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”).

Financial assets at FVOCI

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:
- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; 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.
FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognized in Other Comprehensive Income (OCI). Interest income and foreign exchange gains and losses are recognized in the statement of income.

For an equity investment that is not held for trading, the Company may irrecoverably elect to present subsequent changes in fair value in OCI. This election is made on an instrument-by- instrument basis on initial recognition.

3 SIGNIFICANT ACCOUNTING POLICIES-(CONTINUED)

b) Significant accounting policies, including key judgments and estimates-(continued)

(ii) IFRS 9 – accounting policies, including key judgments and estimates (continued)

Financial assets at FVTPL

All other financial assets are classified measured at FVTPL. In addition, on initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI or at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Company changes its business model for managing financial assets.

Business model assessment:

The Company assesses the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

• the stated policies and objectives for the portfolio and the application of those policies in practice.
• whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets.
• how the performance of the portfolio is evaluated and reported to the Company's management.
• the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed.
• how managers of the business are compensated- e.g., whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
• the frequency, volume, and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Company's stated objective for managing the financial assets is achieved and how cash flows are realized.

For the purpose of the assessment of whether contractual cash flows are solely payments of principal and interest, principal is the fair value of the financial asset on initial recognition. Interest is the consideration for the time value of money, the credit and other basic lending risks associated with the principal amount outstanding during a particular period and other basic lending costs (e.g., liquidity risk and administrative costs), along with profit margin.

Financial assets – Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments:

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

• Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in condensed interim statement of income and presented in other gains/(losses) together with foreign exchange gains and losses.
• FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in condensed interim statement of income. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to condensed interim statement of income and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the interim condensed statement of profit or loss.
• FVTPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in the interim condensed statement of income and presented net within other gains/(losses) in the period in which it arises.

3 SIGNIFICANT ACCOUNTING POLICIES-(CONTINUED)

b) Significant accounting policies, including key judgments and estimates-(continued)

(ii) IFRS 9 – accounting policies, including key judgments and estimates (continued)

Financial assets – Measurement (Continued)

Equity instruments

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investments. Dividends from such investments continue to be recognised in condensed interim statement of income as investment income when the Company's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in investment income in the condensed interim statement of income as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Financial assets – Impairment

Overview of Expected Credit Loss ("ECL") principles

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss); unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss. Lifetime expected credit losses represent ECL that would result from all possible default events over the expected life of the financial asset whereas 12 month expected credit losses are those life expected credit losses expected to occur within 12 months of balance sheet date. Both lifetime ECLs and 12-month ECLs will be calculated on an individual basis depending on the nature of the underlying portfolio of financial instruments.

The Company recognizes loss allowances for ECL on the following financial instruments that are not measured at fair value:
- Financial assets that are debt instruments
- Deposits and bank balances
- Other receivables balances

No impairment loss is recognized on equity instruments.

The Company measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:
- debt investment securities that are determined to have low credit risk at the reporting date; and
- other financial instruments on which credit risk has not increased significantly since their initial recognition.

The Company considers debt securities to have low credit risk when their credit risk rating is equivalent to the globally understood definition of 'investment grade'. The measurement of ECL for other receivables is carried out using the simplified ECL impairment model and is determined by using a matrix which uses historical credit loss experience of the Company.

Staging of financial assets

The Company categorizes its investments portfolio classified as amortized cost and FVOCI into Stage 1, Stage 2 and Stage 3 as described below:

Stage 1 - Performing financial assets for which there has been no significant deterioration in credit quality since initial recognition;

Stage 2 - Underperforming financial assets for which there has been a significant deterioration in credit quality since initial recognition, but which are not credit-impaired; and

Stage 3 - Non-performing financial assets for which there has been a significant deterioration in credit quality since initial recognition and which have become credit-impaired.

3 SIGNIFICANT ACCOUNTING POLICIES-(CONTINUED)

b) Significant accounting policies, including key judgments and estimates-(continued)

(ii) IFRS 9 – accounting policies, including key judgments and estimates (continued)

Financial assets – Impairment (Continued)

Credit impaired financial asset

At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit impaired. A financial asset is credit-impaired when one or more events that have detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

• significant financial difficulty of the borrower or issuer;
• a breach of contract such as a default or past due event (more than 90 days);
• it is becoming probable that the borrower or issuer will enter bankruptcy or other financial reorganization; or
• the disappearance of an active market for a security because of financial difficulties.

In assessing whether an investment in sovereign debt is credit-impaired, the Company considers the following factors.

• The market's assessment of creditworthiness as reflected in the bond yields.
• The rating agencies' assessments of creditworthiness.
• The country's ability to access the capital markets for new debt issuance.
• The probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness.
• The international support mechanisms in place to provide the necessary support as 'lender of last resort' to that country, as well as the intention, reflected in public statements, of governments and agencies to use those mechanisms. This includes an assessment of the depth of those mechanisms and, irrespective of the political intent, whether there is the capacity to fulfil the required criteria.

Definition of default

In assessing whether an issuer is in default, the Company considers indicators that are:

• qualitative- e.g., breaches of covenant.
• quantitative- e.g., overdue status and non-payment on another obligation of the same issuer to the Company; and
• based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

ECL methodology and measurement

ECL is computed based on the parameters namely Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD) values. ECL is discounted by an appropriate rate to get the Present Value of ECL.

ECL is a probability-weighted estimate of credit losses. It is measured as follows:

• financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).
• financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows.

Probability of Default (‘PD’)

The probability of default is an estimate of the likelihood of default over a given time horizon.

Loss Given Default (‘LGD’)

Loss given default inputs are determined by class of financial instrument based on historical experience of loss and recovery rates for similar financial instruments and other relevant industry data.

Exposure at Default (‘EAD’)

The exposure at default is an estimate of the exposure at a future default date.

3 SIGNIFICANT ACCOUNTING POLICIES-(CONTINUED)

b) Significant accounting policies, including key judgments and estimates-(continued)

(ii) IFRS 9 – accounting policies, including key judgments and estimates (continued)

Financial assets – Impairment (Continued)

Forward looking estimate

While estimating the ECL, the Company reviews macro-economic developments occurring in the economy and market it operates in. On a periodic basis, the Company analyzes the relationship between key economic trends with the estimate of PD. The Company incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. Based on reports from economic experts and consideration of a variety of external actual and forecast information, the Company formulates a 'base case' view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios. This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome. External information includes economic data and forecasts published by governmental bodies and monetary authorities in the Kingdom and selected private-sector and academic forecasters. The base case represents a most-likely outcome and is aligned with information used by the Company for other purposes such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes. Periodically, the Company carries out stress testing of more extreme shocks to calibrate its determination of these other representative scenarios.

Presentation of allowance for ECL in the interim condensed statement of financial position

Loss allowances for ECL are presented in the interim condensed statement of financial position as follows:
• financial assets measured at amortized cost: as a deduction from the gross carrying amount of the assets.
• debt instruments measured at FVOCI: no loss allowance is recognized in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognized in the fair value reserve.

Financial liabilities

Classification and derecognition of financial liabilities

The Company classifies its financial liabilities, other than financial guarantees if any, as measured at Amortized cost. Amortized cost is calculated by considering any discount or premium and costs that are an integral part of the Effective Interest Rate ("EIR"). A liability is classified at FVTPL if it is classified as held-for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in Interim condensed statement of income. The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire.

4 EXPLANATION TO TRANSITION TO IFRS 17, IFRS 9 AND OTHER CHANGES

As stated in note 2, this is the Company's first interim condensed financial statements prepared in accordance with the requirements of IFRS 17 and IFRS 9.

The accounting policies set out in note 3 have been applied in preparing the interim condensed financial statements for the three and nine month periods ended 30 September, 2023 and 30 September, 2022 and in the preparation of an opening IFRS 17 and IFRS 9 interim condensed statement of financial position at 1 January, 2022 (the Company's date of transition) and 31 December 2022.

In preparing its opening IFRS 17 and IFRS 9 interim condensed statement of financial position, the Company has adjusted amounts reported previously in financial statements under IFRS 4 and IAS 39.

Reclassification changes in the interim condensed statement of financial position are introduced by IFRS 17

The previously reported line items: premiums receivable - net, deferred policy acquisition costs, insurance operations' surplus payable, unearned premiums, outstanding claims, claims incurred but not reported, premium deficiency reserve, Other technical reserve are presented together by portfolio on a single line called insurance contract liabilities. The previously reported line items: reinsurers' share of unearned premiums, reinsurers' share of outstanding claims, reinsurers' share of claims incurred but not reported, reinsurers' balances payable are presented together by portfolio on a single line called reinsurance contract assets or liabilities.

Presentation is driven by portfolios which are composed of group of contracts covering similar risks and which are managed together. Portfolios of insurance and reinsurance contracts are presented separately between:

- Portfolios of insurance contracts that are assets;
- Portfolios of reinsurance contracts that are assets;
- Portfolios of insurance contracts that are liabilities; and
- Portfolios of reinsurance contracts that are liabilities.

Remeasurement impact on the interim condensed statement of financial position on adoption of IFRS 17

Impact on Equity:

Drivers for change in equity	**Impact on equity on transition to IFRS 17 on 1 January 2022**
Changes in measurement of insurance contracts liabilities	(7,924)
Changes in measurement of reinsurance contracts assets	1,068
Total Impact	(6,856)

Impact on Insurance Contract Liabilities:

Drivers of changes	**Impact on liabilities on transition to IFRS 17 on 1 January 2022**
Loss Component on onerous contracts	(14,410)
Deferment of expenses	10,077
Risk Adjustment.	(3,716)
Insurance finance income	2,073
Change in provision for premuim receivables (IFRS-9 basically)	(1,948)
Total Impact	(7,924)

4 EXPLANATION TO TRANSITION TO IFRS 17, IFRS 9 AND OTHER CHANGES-(CONTINUED)

Impact on Reinsurance Contract Assets:

Drivers of changes	Impact on liabilities on transition to IFRS 17 on 1 January 2022
Risk Adjustment	343
Loss Recovery Component	998
Insurance finance income	(201)
RI defualt provision	(72)
Total Impact	1,068

<u>Reclassification impact on the interim condensed statement of financial position on adoption of IFRS 9</u>

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets and financial liabilities, inclusive of the expected credit losses, as at 1 January 2022:

Financial Assets	Original Classification under IAS 39	New Classification under IFRS-9	Orignal Carrying amount under IAS-39	New Carrying amount under IFRS-9
Cash and Cash equivalents				
Insurance operations:	Amortised costs	Amortised costs	52,973	52,934
Investments:				
Shareholder operations:				
Equity	Available for Sale	FVOCI	30,721	65,830
Sukuk	Available for Sale	Amortised costs	20,000	20,000
Term deposits				
Insurance operations:	Held to maturity	Amortised costs	182,367	182,127

Sukuks including remaining financial assets which have been classified as amortised cost meet the criteria of held to collect business model. There are no changes in the classification of financial liabilities in the transition from IAS 39 to IFRS 9.

<u>Remeasurement impact on the interim condensed statement of financial position on adoption of IFRS 9</u>

<u>Impairment of financial assets</u>

The following table reconciles the impairment allowance and provision recorded as per the requirements of IAS 39 as at 31 December 2021 to opening ECL allowance determined in accordance with IFRS 9 as at 1 January 2022. At the transition date and at the reporting date all financial assets were in Stage 1

Particulars	01-January 2022 (Under IAS 39)	Re-classification	Re-measurement	01-January 2022 (Under IFRS 9)
Financial assets at amortized cost (IFRS 9)				
Cash and Cash equivalents	-	-	(39)	(39)
Term deposits	-	-	(240)	(240)
Total	-	-	(279)	(279)

4 EXPLANATION TO TRANSITION TO IFRS 17, IFRS 9 AND OTHER CHANGES-(CONTINUED)

RECONCILIATION OF INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 1 JANUARY 2022

	SAR '000					
	01 January 2022 (Unaudited)					
	Pre-adoption of IFRS-17 & IFRS 9	IFRS 17		IFRS 9		Post-adoption of IFRS-17 & IFRS 9
		Reclassification	Remeasurement	Reclassification	Remeasurement	
ASSETS						
Reinsurance contract assets	-	43,729	1,068	-	-	44,797
Cash and cash equivalents	52,973	-	-	-	**(39)**	52,934
Term deposits	182,367	-	-	-	**(240)**	182,127
Premiums and reinsurers' receivable, net	98,415	(98,415)	-	-	-	-
Reinsurers' share of unearned premiums	34,703	(34,703)	-	-	-	-
Reinsurers' share of outstanding claims	12,955	(12,955)	-	-	-	-
Reinsurers' share of claims incurred but not reported	8,498	(8,498)	-	-	-	-
Deferred policy acquisition costs	44,053	(44,053)	-	-	-	-
Due from a related party	1,985	-	-	-	-	1,985
Property and equipment, net	5,411	-	-	-	-	5,411
Intangible assets, net	5,585	-	-	-	-	5,585
Right-of-use asset, net	3,229	-	-	-	-	3,229
Available-for-sale investments	50,721	-	-	(20,000)	35,109	65,830
Debt instruments at amortised cost	-	-	-	20,000	-	20,000
Prepayments and other receivables	60,489	-	-	-	-	60,489
Statutory deposit	30,000	-	-	-	-	30,000
Accrued commission on statutory deposit	1,871	-	-	-	-	1,871
TOTAL ASSETS	593,255	(154,895)	1,068	-	34,830	474,258
LIABILITIES						
Insurance contract liabilities	-	370,629	7,924	-	-	378,553
Reinsurance contract liabilities	-	960	-	-	-	960
Policyholders claim payable	20,789	(20,789)	-	-	-	-
Accrued and other payables	18,955	(18,955)	-	-	-	-
Reinsurances' balances payable	24,749	(24,749)	-	-	-	-
Unearned commission income	1,261	(1,261)	-	-	-	-
Unearned premiums	301,744	(301,744)	-	-	-	-
Premium deficiency reserve	35,727	(35,727)	-	-	-	-
Other technical reserve	1,798	(1,798)	-	-	-	-
Outstanding claims	34,605	(34,605)	-	-	-	-
Claims incurred but not reported	80,865	(80,865)	-	-	-	-
Employees' terminal benefits	12,968	-	-	-	-	12,968
Lease liabilities	2,983	-	-	-	-	2,983
Surplus distribution payable	5,991	(5,991)	-	-	-	-
Zakat and income tax	16,913	-	-	-	-	16,913
Accrued commission on statutory deposit payable to SAMA	1,871	-	-	-	-	1,871
	561,219	(154,895)	7,924	-	-	414,248
EQUITY						
Share capital	141,000	-	-	-	-	141,000
Accumulated losses	(116,015)	-	(6,856)	-	(279)	(123,150)
Fair value reserve on investments	8,588	-	-		35,109	43,697
TOTAL SHAREHOLDER'S EQUITY	33,573	-	(6,856)	-	34,830	61,547
Re-measurement reserve of employees' terminal benefits	(1,537)	-	-	-	-	(1,537)
TOTAL EQUITY	32,036	-	(6,856)	-	34,830	60,010
TOTAL LIABILITIES AND EQUITY	593,255	(154,895)	1,068	-	34,830	474,258

4 EXPLANATION TO TRANSITION TO IFRS 17, IFRS 9 AND OTHER CHANGES-(CONTINUED)

RECONCILIATION OF INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

	SAR '000					
	31 December 2022 (Unaudited)					
	Pre-adoption of IFRS-17 & IFRS 9	IFRS 17		IFRS 9		Post-adoption of IFRS-17 & IFRS 9
		Reclassification	Remeasurement	Reclassification	Remeasurement	
ASSETS						
Reinsurance contract assets	-	61,861	645	-	-	62,506
Cash and cash equivalents	484,418	-	-	-	(87)	484,331
Term deposits	-	-	-	-	-	-
Premiums and reinsurers' receivable, net	115,717	(115,717)	-	-	-	-
Reinsurers' share of unearned premiums	38,335	(38,335)	-	-	-	-
Reinsurers' share of outstanding claims	17,334	(17,334)	-	-	-	-
Reinsurers' share of claims incurred but not reported	10,299	(10,299)	-	-	-	-
Deferred policy acquisition costs	60,463	(60,463)	-	-	-	-
Due from a related party	1,985	-	-	-	-	1,985
Property and equipment, net	4,596	-	-	-	-	4,596
Intangible assets, net	6,046	-	-	-	-	6,046
Right-of-use asset, net	3,309	-	-	-	-	3,309
Available-for-sale investments	49,319	-	-	(20,000)	37,780	67,099
Debt instruments at amortised cost	-	-	-	20,000	-	20,000
Prepayments and other receivables	66,925	-	-	-	-	66,925
Statutory deposit	43,650	-	-	-	-	43,650
Accrued commission on statutory deposit	2,342	-	-	-	-	2,342
TOTAL ASSETS	904,738	(180,287)	645	-	37,693	762,789
LIABILITIES						
Insurance contract liabilities	-	535,123	11,702	-	-	546,825
Reinsurance contract liabilities	-	-	-	-	-	-
Policyholders claim payable	23,782	(23,782)	-	-	-	-
Accrued and other payables	34,372	(34,372)	-	-	-	-
Reinsurances' balances payable	23,916	(23,916)	-	-	-	-
Unearned commission income	983	(983)	- -	-	-	-
Unearned premiums	456,741	(456,741)	-	-	-	-
Premium deficiency reserve	7,454	(7,454)	-	-	-	-
Other technical reserve	2,734	(2,734)	-	-	-	-
Outstanding claims	34,884	(34,884)	-	-	-	-
Claims incurred but not reported	124,557	(124,557)	-	-	-	-
Employees' terminal benefits	13,072	-	-	-	-	13,072
Lease liabilities	2,122	-	-	-	-	2,122
Surplus distribution payable	5,987	(5,987)	-	-	-	-
Zakat and income tax	9,481	-	-	-	-	9,481
Accrued commission on statutory deposit payable to SAMA	2,342	-	-	-	-	2,342
	742,427	(180,287)	11,702	-	-	573,842
EQUITY						
Share capital	291,000	-	-	-	-	291,000
Accumulated losses	(132,191)	-	(11,057)	-	(87)	(143,335)
Fair value reserve on investments	5,934	-	-		37,780	43,714
TOTAL SHAREHOLDER'S EQUITY	164,743	-	(11,057)	-	37,693	191,379
Re-measurement reserve of employees' terminal benefits	(2,432)	-	-	-	-	(2,432)
TOTAL EQUITY	162,311	-	(11,057)	-	37,693	188,947
TOTAL LIABILITIES AND EQUITY	904,738	(180,287)	645	-	37,693	762,789

4 EXPLANATION TO TRANSITION TO IFRS 17, IFRS 9 AND OTHER CHANGES-(CONTINUED)

Reclassification impact on interim condensed statement of income on adoption of IFRS 17

The line-item descriptions in the interim condensed statement of income have been changed significantly compared with prior year. Previously, the Company reported the following line items:
• Gross premiums written
• Reinsurance premiums ceded
• Excess of loss expenses
• Changes in unearned premiums, net
• Reinsurance commissions earned
• Other underwriting income
• Gross claims paid
• Reinsurers' share of claims paid
• Changes in outstanding claims, net
• Changes in claims incurred but not reported, net
• Changes in premium deficiency reserve
• Changes in other technical reserves
• Policy acquisition costs
• Allowance for doubtful receivables
• General and administrative expenses

Instead, IFRS 17 requires separate presentation of:
• Insurance service revenue
• Insurance service expenses
• Allocation of reinsurance premiums
• Amount recoverable from reinsurance
• Net investment income.
• Other operating expenses.

Remeasurement impact on interim condensed statement of comprehensive income on adoption of IFRS 17 for the nine months period ended 30 September 2022.

The remeasurement impact in the interim condensed statement of income on adoption of IFRS 17 is on account of the following:

• Unattributed expenses including amortization of expenses amounting to SR 44.49 million;
• Loss component on onerous contract amounting to SR 4.18 million; and
• ECL provision impact on LRC amounting to SR 1.63 Million.

Reclassification impact on interim condensed statement of comprehensive income on adoption of IFRS 9 for the three and nine month period ended 30 September 2022

• Net impairment loss under IFRS 9 is disclosed separately on the statement of income. Under IAS 39, impairment loss was disclosed as part of net investment income.
• Investment income on financial assets at amortised costs and on financial assets at fair value are shown separately on the statement of income instead of presented previously as one line item.

4 EXPLANATION TO TRANSITION TO IFRS 17, IFRS 9 AND OTHER CHANGES-(CONTINUED)

RECONCILIATION OF INTERIM CONDENSED STATEMENT OF INCOME FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2022

	SAR '000					
	For the nine months period ended 30 September 2022 (unaudited)					
	Pre-adoption of IFRS 17 & IFRS 9	IFRS-17 Reclassification	IFRS-17 Remeasurement	IFRS-9 Reclassification	IFRS-9 Remeasurement	Post-adoption of IFRS 17 & IFRS 9
REVENUES						
Gross written Premuim	**573,664**	(573,664)	-	-	-	-
Reinsurance premiums ceded						
-Local	**(1,026)**	1,026	-	-	-	-
-Foreign	**(80,793)**	80,793	-	-	-	-
	(81,819)	81,819	-	-	-	-
Excess of loss expenses						
-Local	**(889)**	889	-	-	-	-
-Foreign	**(1,334)**	1,334	-	-	-	-
	(2,223)	2,223	-	-	-	-
Net written premiums	**489,622**	(489,622)	-	-	-	-
Changes in unearned premiums, net	**(78,992)**	78,992	-	-	-	-
Net premiums earned	**410,630**	(410,630)	-	-	-	-
Re-insurance commissions earned	**3,105**	(3,105)	-	-	-	-
Other underwriting income	**9,484**	(9,484)	-	-	-	-
TOTAL REVENUES	**423,219**	(423,219)	-	-	-	-
UNDERWRITING COSTS AND EXPENSES						
Gross claims paid	**362,742**	(362,742)	-	-	-	-
Reinsurers' share of claims paid	**(36,021)**	36,021	-	-	-	-
Net claims paid	**326,721**	(326,721)	-	-	-	-
Changes in outstanding claims, net	**(11,000)**	11,000	-	-	-	-
Changes in claims incurred but not reported, net	**33,743**	(33,743)	-	-	-	-
Net claims incurred	**349,464**	(349,464)	-	-	-	-
Change in other technical reservses	**693**	(693)	-	-	-	-
Change in premium deficiency reserve	**(20,743)**	20,743	-	-	-	-
Policy acquisition costs	**60,422**	(60,422)	-	-	-	-
Other underwriting expenses	**5,607**	(5,607)	-	-	-	-
TOTAL UNDERWRITING COSTS AND EXPENSES	**395,443**	(395,443)	-	-	-	-
NET UNDERWRITING INCOME	**27,776**	(27,776)	-	-	-	-
Insurance revenue	-	485,552	-	-	-	**485,552**
Insurance service expenses	-	(438,772)	(51,226)	-	-	**(489,998)**
Insurance service result before reinsurance contracts held	-	46,780	(51,226)	-	-	**(4,446)**
Allocation of reinsurance premiums	-	(65,362)	-	-	-	**(65,362)**
Amounts recoverable from reinsurance	-	43,332	790	-	-	**44,122**
Net expenses / (income) from reinsurance contracts held	-	(22,030)	790	-	-	**(21,240)**
Insurance service result	-	24,750	(50,436)	-	-	**(25,686)**
Finance income from insurance contracts issued	-	-	3,517	-	-	**3,517**
Finance expenses from reinsurance contracts held	-	-	(215)	-	-	**(215)**
Net insurance finance income/(expenses)	-	-	3,302	-	-	**3,302**
NET INSURANCE RESULT	-	24,750	(47,134)	-	-	**(22,384)**

4 EXPLANATION TO TRANSITION TO IFRS 17, IFRS 9 AND OTHER CHANGES-(CONTINUED)

RECONCILIATION OF INTERIM CONDENSED STATEMENT OF INCOME FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2022

	SAR '000					
	For the nine months period ended 30 September 2022 (unaudited)					
	Pre-adoption of IFRS 17 & IFRS 9	IFRS-17		IFRS-9		Post-adoption of IFRS 17 & IFRS 9
		Reclassification	Remeasurement	Reclassification	Remeasurement	
OTHER OPERATING (EXPENSES) / INCOME						
Allowance for doubtful debts	**(3,026)**	3,026	-	-	-	**-**
General and administrative expenses	**(64,633)**	46,529	-	-	-	**(18,104)**
Commission income on deposits	**3,306**	-	-	-	-	**3,306**
Investment income	**1,401**	-	-	-	-	**1,401**
Other income	**257**					**257**
Net impairment loss on financial assets	**-**	-	-	-	(101)	**(101)**
TOTAL OTHER OPERATING EXPENSES	**(62,695)**	49,555	-	-	(101)	**(13,241)**
TOTAL LOSS FOR THE PERIOD BEFORE ZAKAT AND INCOME TAX AND SURPLUS	**(34,919)**	46,529	(47,134)	-	(101)	**(35,625)**
Zakat reversal for the period	**8,432**	-	-	-	-	**8,432**
LOSS FOR THE PERIOD	**(26,487)**	46,529	(47,134)	-	(101)	**(27,193)**
OTHER COMPREHENSIVE LOSS						
ITEMS THAT MAY NOT BE RECLASSIFIED TO STATEMENTS OF INCOME IN SUBSEQUENT PERIOD						
Available-for-sale investments:						
-Net change in fair value	**2,003**	-	-	-	-	**2,003**
TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE PERIOD	**(24,484)**	46,529	(47,134)	-	(101)	**(25,190)**

4 EXPLANATION TO TRANSITION TO IFRS 17, IFRS 9 AND OTHER CHANGES-(CONTINUED)

RECONCILIATION OF INTERIM CONDENSED STATEMENT OF INCOME FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2022

	SAR '000					
	For the three month period ended 30 September 2022 (unaudited)					
	Pre-adoption of IFRS 17 & IFRS 9	IFRS-17		IFRS-9		Post-adoption of IFRS 17 & IFRS 9
		Reclassification	Remeasurement	Reclassification	Remeasurement	
REVENUES						
Gross written Premuim	226,741	(226,741)	-	-	-	-
Reinsurance premiums ceded						
-Local	(389)	389	-	-	-	-
-Foreign	(26,868)	26,868	-	-	-	-
	(27,257)	27,257	-	-	-	-
Excess of loss expenses						
-Local	(473)	473	-	-	-	-
-Foreign	(818)	818	-	-	-	-
	(1,291)	1,291	-	-	-	-
Net written premiums	198,193	(198,193)	-	-	-	-
Changes in unearned premiums, net	(54,994)	54,994	-	-	-	-
Net premiums earned	143,199	(143,199)	-	-	-	-
Re-insurance commissions earned	923	(923)	-	-	-	-
Other underwriting income	7,695	(7,695)		-	-	-
TOTAL REVENUES	151,817	(151,817)	-	-	-	-
UNDERWRITING COSTS AND EXPENSES						
Gross claims paid	124,413	(124,413)	-	-	-	-
Reinsurers' share of claims paid	(13,663)	13,663	-	-	-	-
Net claims paid	110,750	(110,750)	-	-	-	-
Changes in outstanding claims, net	(19,349)	19,349	-	-	-	-
Changes in claims incurred but not reported, net	22,284	(22,284)	-	-	-	-
Net claims incurred	113,685	(113,685)	-	-	-	-
Change in other technical reservses	308	(308)	-	-	-	-
Change in premium deficiency reserve	(15,899)	15,899	-	-	-	-
Policy acquisition costs	24,207	(24,207)	-	-	-	-
Other underwriting expenses	4,905	(4,905)	-	-	-	-
TOTAL UNDERWRITING COSTS AND EXPENSES	127,206	(127,206)	-	-	-	-
NET UNDERWRITING INCOME	24,611	(24,611)	-	-	-	-
Insurance revenue	-	174,586	476	-	-	**175,062**
Insurance service expenses	-	(142,798)	(14,822)	-	-	**(157,620)**
Insurance service result before reinsurance contracts held	-	31,788	(14,346)	-	-	**17,442**
Allocation of reinsurance premiums	-	(23,428)	-	-	-	**(23,428)**
Amounts recoverable from reinsurance	-	15,597	109	-	-	**15,706**
Net expenses / (income) from reinsurance contracts held	-	(7,831)	109	-	-	**(7,722)**
Insurance service result	-	23,957	(14,237)	-	-	**9,720**
Finance income from insurance contracts issued	-	-	3,004	-	-	**3,004**
Finance expenses from reinsurance contracts held	-	-	(252)	-	-	**(252)**
Net insurance finance income	-	-	2,752	-	-	**2,752**
NET INSURANCE RESULT	-	23,957	(11,485)	-	-	**12,472**

4 EXPLANATION TO TRANSITION TO IFRS 17, IFRS 9 AND OTHER CHANGES-(CONTINUED)

RECONCILIATION OF INTERIM CONDENSED STATEMENT OF INCOME FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2022

	SAR '000					
	For the three month period ended 30 September 2022 (unaudited)					
	Pre-adoption of IFRS 17 & IFRS 9	IFRS-17 Reclassification	IFRS-17 Remeasurement	IFRS-9 Reclassification	IFRS-9 Remeasurement	Post-adoption of IFRS 17 & IFRS 9
OTHER OPERATING (EXPENSES) / INCOME						
Allowance for doubtful debts	(657)	657	-	-	-	**-**
General and administrative expenses	(24,786)	17,417	-	-	-	**(7,369)**
Commission income on deposits	1,471	-	-	-	-	**1,471**
Investment income	392	-	-	-	-	**392**
Other income	257	-	-	-	-	**257**
Net impairment loss on financial assets	-	-	-	-	196	**196**
TOTAL OTHER OPERATING EXPENSES	(23,323)	18,074	-	-	196	**(5,053)**
TOTAL LOSS FOR THE PERIOD BEFORE ZAKAT AND INCOME TAX AND SURPLUS DISTRIBUTION	1,288	17,420	(11,485)	-	196	**7,419**
Zakat reversal for the period	6,932	-	-	-	-	**6,932**
LOSS FOR THE PERIOD	8,220	17,420	(11,485)	-	196	**14,351**
OTHER COMPREHENSIVE LOSS						
ITEMS THAT ARE OR MAY NOT BE RECLASSIFIED TO STATEMENTS OF INCOME IN SUBSEQUENT PERIOD						
Available-for-sale investments:						
-Net change in fair value	4,907	-	-	-	-	**4,907**
TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE PERIOD	13,127	17,420	(11,485)	-	196	**19,258**

Details of (decrease) / increase in the retained earnings resulting from transition to IFRS 17 and IFRS 9 are as follows:

	Share Capital	Accumulated losses	Fair value reserve for investments	Re-measurement reserve of employees' terminal benefits	Total
1 January 2022 (previously reported)	141,000	(116,015)	8,588	(1,537)	32,036
Recognition of expected credit losses under IFRS 9	-	(279)	-	-	(279)
Recognition of fair value adjustment under IFRS 9	-	-	35,109	-	35,109
Remeasurement under IFRS 17	-	(6,856)	-	-	(6,856)
Total	141,000	(123,150)	43,697	(1,537)	60,010
1 January 2023 (previously reported)	291,000	(132,191)	5,934	(2,432)	162,311
Recognition of expected credit losses under IFRS 9	-	(87)	-	-	(87)
Recognition of fair value adjustment under IFRS 9	-	-	37,780	-	37,780
Remeasurement under IFRS 17	-	(11,094)	-	-	(11,094)
Total	291,000	(143,372)	43,714	(2,432)	188,910

5 CASH AND CASH EQUIVALENTS

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

		SAR'000		
		30 September 2023 (Unaudited)	31 December 2022 (Restated)* (Unaudited)	01 January 2022 (Restated)* (Unaudited)
Insurance operations				
Bank balances and cash		**22,263**	30,189	49,928
Deposits maturing within 3 month from the acquisition date	5.1	**514,798**	373,084	3,045
		537,061	403,273	52,973
Shareholders' operations				
Bank balances and cash		**20,302**	3,167	-
Deposits maturing within 3 month from the acquisition date	5.1	**119,945**	77,978	-
		140,247	81,145	-
Less: Impairment Allowance		**(124)**	(87)	(39)
Total		**677,184**	484,331	52,934

5.1 Term deposits are held with the commercial banks. These term deposits are denominated in Saudi Arabian Riyals and have an original maturity of less than three 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 5.68% per annum as at 30 September 2023. (31 December 2022: 3.34%; 01 January 2022: 1.08%).

6 TERM DEPOSITS

		SAR'000		
		30 September 2023 (Unaudited)	31 December 2022 (Restated)* (Unaudited)	01 January 2022 (Restated)* (Unaudited)
Insurance operations				
Term deposits	6.1	-	-	182,367
		-		182,367
Shareholders' operations				
Term deposits	6.1	-	-	-
		-	-	-
Less: Impairment		-	-	(240)
Total		-	-	182,127

6.1 Term deposits were held with the commercial banks. These term deposits are denominated in Saudi Arabian Riyals and had 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 1.07 % per annum as at 1 January, 2021.

7 INSURANCE AND REINSURANCE CONTRACTS

	SAR'000				
	Medical	Motor	General Accident	Others	Total
30 September 2023					
Insurance contracts					
– Insurance contract balances					
– Insurance contract liabilities	77,103	158,925	46,517	387,118	669,663
– Insurance contract assets	-	-	-	-	-
	77,103	158,925	46,517	387,118	669,663
– Reinsurance contracts					
- Reinsurance contract assets	(28,024)	(6,470)	(11,285)	(14,206)	(59,985)
Reinsurance contract liabilities	-	-	-	-	-
Net insurance contract	**49,079**	**152,455**	**35,232**	**372,912**	**609,678**

7.1 Movements in insurance and reinsurance contract balances

	Medical	Motor	General Accident	Others	Total
Openning Balance (Total)	**59,388**	**372,797**	**52,025**	**109**	**484,319**
Insurance contract balances					
– Insurance contract liabilities	92,347	382,254	64,603	7,621	546,825
Reinsurance contracts					
– Reinsurance contract assets	(32,959)	(9,457)	(12,578)	(7,512)	(62,506)
Excluding loss component	**34,555**	**234,219**	**21,724**	**3,079**	**293,577**
Insurance contract balances					
– Insurance contract liabilities	45,819	234,219	22,959	4,014	307,011
Reinsurance contracts					
– Reinsurance contract assets	(11,264)	-	(1,235)	(935)	(13,434)
Loss component	**846**	**20,325**	**-**	**-**	**21,171**
Insurance contract balances					
– Insurance contract liabilities	1,538	20,325	-	-	21,863
Reinsurance contracts					
– Reinsurance contract assets	(692)	-	-	-	(692)
Liabilities for incurred claims (LIC)	**23,987**	**118,253**	**30,301**	**(2,970)**	**169,571**
Insurance contract balances					
– Insurance contract liabilities	44,990	127,710	41,644	3,607	217,951
Reinsurance contracts					
– Reinsurance contract assets	(21,003)	(9,457)	(11,343)	(6,577)	(48,380)

7 INSURANCE AND REINSURANCE CONTRACTS-(CONTINUED)

7.1 Movements in insurance and reinsurance contract balances-(Continued)

Insurance contracts

Analysis by remaining coverage and incurred claims

30 September 2023

	SAR'000				
	Liabiity for Remaining Coverage (LFRC)		Liabiity for Remaining Coverage (LIC)		
	Excluding loss Component	Loss Component	Estimate of present value of cash flows	Risk Adjustment for non financial risk	Total
Insurance contracts Issued					
Opening insurance contract liabiities	**307,011**	**21,863**	**212,230**	**5,721**	**546,825**
Insurance Revenue	**(730,577)**	**-**	**-**	**-**	**(730,577)**
Insurance service expenses					
Incurred claims and other directly attributable expenses	-	-	517,965	7,089	525,054
Losses on onerous contracts and reversal of those losses	-	(14,425)	-	-	(14,425)
Changes that relate to past service - adjustments to the LIC	-	-	23,822	(4,749)	19,073
Surplus distrbution to policyholders	-	-	5,473	-	5,473
Insurance acquisition cash flows amortization	122,351	-	-	-	122,351
Insurance service expenses	**122,351**	**(14,425)**	**547,260**	**2,340**	**657,526**
Insurance service result	**(608,226)**	**(14,425)**	**547,260**	**2,340**	**(73,051)**
Net finance expenses from insurance contracts	**-**	**(482)**	**(1,322)**	**(55)**	**(1,859)**
Cash flows					
Premiums received	798,333	-	-	-	798,333
Claims paid	-	-	(445,801)	-	(445,801)
Other directly attributable expenses paid	-	-	(34,631)	-	(34,631)
Insurance acquisition cash flows paid	(120,153)	-	-	-	(120,153)
Total cash flows	**678,180**	**-**	**(480,432)**	**-**	**197,748**
Closing insurance contract liabilities	**376,965**	**6,956**	**277,736**	**8,006**	**669,663**

7 INSURANCE AND REINSURANCE CONTRACTS-(CONTINUED)

	SAR'000				
	Medical	**Motor**	**General Accident**	**Others**	**Total**
31 December 2022					
Insurance contracts					
– Insurance contract balances					
– Insurance contract liabilities	92,347	382,254	64,490	7,734	546,825
– Insurance contract assets	-	-	-	-	-
	92,347	382,254	64,490	7,734	546,825
– Reinsurance contracts					
- Reinsurance contract assets	(32,959)	(9,457)	(12,578)	(7,512)	(62,506)
Reinsurance contract liabilities	-	-	-	-	-
Net insurance contract	125,306	391,711	77,068	15,246	609,331

7.2 Movements in insurance and reinsurance contract balances

	Medical	Motor	General Accident	Others	Total
Openning Balance (Total)	**65,348**	**223,641**	**42,054**	**3,673**	**334,716**
Insurance contract balances					
– Insurance contract liabilities	86,074	233,981	48,249	10,249	378,553
Reinsurance contracts					
– Reinsurance contract assets	(20,726)	(10,340)	(6,195)	(6,576)	(43,837)
Excluding loss component	**32,923**	**113,704**	**12,982**	**2,460**	**162,069**
Insurance contract balances					
– Insurance contract liabilities	38,024	113,704	13,969	5,066	170,763
Reinsurance contracts					
– Reinsurance contract assets	(5,101)	-	(987)	(2,606)	(8,694)
Loss component	**1,600**	**46,314**	**-**	**(1)**	**47,913**
Insurance contract balances					
– Insurance contract liabilities	2,461	46,314	-	(1)	48,774
Reinsurance contracts					
– Reinsurance contract assets	(861)	-	-	-	(861)
Liabilities for incurred claims (LIC)	**30,825**	**63,623**	**29,072**	**1,214**	**124,734**
Insurance contract balances					
– Insurance contract liabilities	45,589	73,963	34,280	5,184	159,016
Reinsurance contracts					
– Reinsurance contract assets	(14,764)	(10,340) -	5,208 -	3,970	(34,282)

7.2 Movements in insurance and reinsurance contract balances-(Continued)

Insurance contracts

Analysis by remaining coverage and incurred claims

31 December 2022

	SAR'000				
	Liabiity for Remaining Coverage (LFRC)		Liabiity for Remaining Coverage (LIC)		
	Excluding loss Component	Loss Component	Estimate of present value of cash flows	Risk Adjustment for non financial risk	Total
Insurance contracts Issued					
Opening insurance contract liabiities	**170,763**	**48,774**	**155,326**	**3,690**	**378,553**
Insurance Revenue	**(688,574)**	**-**	**-**	**-**	**(688,574)**
Insurance service expenses					
Incurred claims and other directly attributable expenses	-	-	591,628	5,041	596,669
Losses on onerous contracts and reversal of those losses	-	(25,983)	-	-	(25,983)
Changes that relate to past service - adjustments to the LIC	-	-	(8,468)	(2,874)	(11,342)
Insurance acquisition cash flows amortization	113,585	-	-	-	113,585
Insurance service expenses	**113,585**	**(25,983)**	**583,160**	**2,167**	**672,929**
Insurance service result	**(574,989)**	**(25,983)**	**583,160**	**2,167**	**(15,645)**
Net finance expenses from insurance contracts	**-**	**928**	**3,271**	**136**	**4,335**
Cash flows					
Premiums received	839,907	-	-	-	839,907
Claims paid	-	-	(462,612)	-	(462,612)
Other directly attributable expenses paid	-	-	(60,373)	-	(60,373)
Insurance acquisition cash flows paid	(128,670)	-	-	-	(128,670)
Total cash flows	**711,237**	**-**	**(522,985)**	**-**	**188,252**
Closing insurance contract liabilities	**307,011**	**21,863**	**212,230**	**5,721**	**546,825**

7 INSURANCE AND REINSURANCE CONTRACTS-(CONTINUED)

7.3 Movements in insurance and reinsurance contract balances-(Continued)

Analysis by remaining coverage and incurred claims for reinsurance contracts

30 September 2023

	Asset for remaining Coverage		Assets for Incurred claims		
	Excluding loss Component	**Loss Recovery Component**	**Estimate of present value of cash flows**	**Risk Adjustment for non financial risk**	**Total**
Reinsurance contracts held:					
Opening reinsurance contract assets	13,434	692	47,880	500	62,506
Opening reinsurance contract liabilities	-	-	-	-	-
Net opening Balance	13,434	692	47,880	500	62,506
Amounts allocated to reinsurance	(68,384)	-	-	-	(68,384)
Amounts recoverable from reinsurance	-	(318)	39,044	(179)	38,547
Reinsurance service result	(68,384)	(318)	39,044	(179)	(29,837)
Net finance expenses from insurance contracts	-	127	203	-	330
Cash flows					
Premiums paid	(77,736)	-	-	-	(77,736)
Claims received	-	-	47,639	-	47,639
Fixed commission received	3,111	-	-	-	3,111
Total cash flows	(74,625)	-	47,639	-	(26,986)
Closing insurance contract liabilities	19,675	501	39,488	321	59,985
Closing reinsurance contract liabilities	-	-	-	-	-
Closing reinsurance contract assets	19,675	501	39,488	321	59,985
Net closing balance	19,675	501	39,488	321	59,985

31 December 2022

	SAR'000				
	Asset for remaining Coverage		Assets for Incurred claims		Total
	Excluding loss Component	Loss Recovery Component	Estimate of present value of cash flows	Risk Adjustment for non financial risk	Total
Reinsurance contracts held:					
Opening reinsurance contract assets	9,654	861	33,940	342	44,797
Opening reinsurance contract liabilities	(960)	-	-	-	(960)
Net opening balance	8,694	861	33,940	342	43,837
Amounts allocated to reinsurance	(92,680)	-	-	-	(92,680)
Amounts recoverable from reinsurance	-	81	59,637	161	59,879
Reinsurance service result	(92,680)	81	59,637	161	(32,801)
Net finance expenses from insurance contracts	-	(250)	(466)	(3)	(719)
Cash flows					
Premiums paid	(101,074)	-	-	-	(101,074)
Claims received	-	-	45,231	-	45,231
Fixed commission received	3,654	-	-	-	3,654
Total cash flows	(97,420)	-	45,231	-	(52,189)
Closing insurance contract liabilities	13,434	692	47,880	500	62,506
Closing reinsurance contract liabilities	-	-	-	-	-
Closing reinsurance contract assets	13,434	692	47,880	500	62,506
Net closing balance	13,434	692	47,880	500	62,506

8 INVESTMENTS

		SAR'000		
		30 September 2023 (Unaudited)	31 December 2022 (Restated)* (Unaudited)	01 January 2022 (Restated)* (Unaudited)
Shareholders operations				
Investments measured at fair value through other comprehensive income	*8.1*	**39,703**	67,099	65,830
Debt instruments at amortised cost.	*8.2*	**20,000**	20,000	20,000
		59,703	87,099	85,830

8.1 Investments measured at fair value through other comprehensive income comprises of the following;

	30 September 2023 (Unaudited)	31 December 2022 (Restated)* (Unaudited)	01 January 2022 (Restated)* (Unaudited)
Listed Equity Securities	**-**	27,396	28,798
Unlisted Equity Securities	**39,703**	39,703	37,032
	39,703	67,099	65,830
Opening balance as at 01 January (restated)			
-Listed Equity Securities	**27,396**	28,798	27,336
-Unlisted Equity Securities	**39,703**	37,032	1,923
	67,099	65,830	29,259
Add: Additions during the period/year	-	1,252	-
Less: Disposals during the period/year	**(27,396)**	-	-
Add/(less): fair value measurement change during the period/year			
-Listed Equity Securities	-	(2,654)	1,462
-Unlisted Equity Securities	-	2,671	35,109
	-	17	36,571
Closing Balance			
-Listed Equity Securities	**-**	27,396	28,798
-Unlisted Equity Securities	**39,703**	39,703	37,032
	39,703	67,099	65,830

8.2 Debt instruments at amortised cost comprises of the following;

	30 September 2023 (Unaudited)	31 December 2022 (Restated)* (Unaudited)	01 January 2022 (Restated)* (Unaudited)
Sukuk	**20,000**	20,000	20,000
	20,000	20,000	20,000

9 STATUTORY DEPOSIT

	SAR'000		
	30 September 2023 (Unaudited)	31 December 2022 (Restated)* (Unaudited)	01 January 2022 (Restated)* (Unaudited)
Statutory deposit	**43,650**	43,650	30,000
	43,650	43,650	30,000

As required by Saudi Arabian Insurance Regulations, the Company had deposited 15% of its increased paid up capital of SAR 291 million as at 30 September 2023 and 31 December 2022 (1 January 2022; SAR 141 million), in a bank designated by the Saudi Central Bank (SAMA). The Company cannot withdraw this deposit without SAMA's approval and commission accruing on this deposit is payable to SAMA.

10 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 other interest revenue for financial not measured at FVTPL, Other investment income, net impairmnet loss on financial assets, other income, other operating expenses and zakat charged for the period. Segment assets do not include cash and cash equivalents, term deposits, Investments measured at fair value thorugh other comprehensive income, debt instruments at amortised costs, due from a related party, property and equipment, net, intangible assets and right of use asset, statutory deposit and accrued income on statutory deposit, prepayments and other assets. Segment liabilities do not include employees terminal benefits, lease liabilities,zakat and income tax, and accured income on statutory deposit payable to SAMA.

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 as at 30 September, 2023 and for the three and nine month periods ended 30 September 2022, its total revenues, expenses, and net income , are as follows:

	For the nine-months period ended 30 September 2023			
	Medical	**Motor**	**Properties and accident**	**Total**
	SAR'000			
Gross premiums written				
Individual	**2,745**	**553,162**	**23,835**	**579,742**
Micro enterprise	**63,388**	**13,478**	**1,113**	**77,979**
Small	**27,940**	**20,445**	**3,734**	**52,119**
Medium	**16,423**	**581**	**8,867**	**25,871**
Large	**19,790**	**2,702**	**13,053**	**35,545**
TOTAL GROSS PREMIUMS WRITTEN	**130,286**	**590,368**	**50,602**	**771,256**

	For the nine-months period ended 30 September 2022			
	Medical	Motor	Properties and accident	Total
	SAR'000			
Gross premiums written				
Individual	1,295	346,565	13,750	361,610
Micro enterprise	80,959	6,500	672	88,131
Small	38,175	1,860	3,267	1,132,866
Medium	20,416	605	10,896	31,917
Large	37,469	153	11,081	48,703
TOTAL GROSS PREMIUMS WRITTEN	178,314	355,683	39,666	1,663,227

	For the three-months period ended 30 September 2023			
	Medical	**Motor**	**Properties and accident**	**Total**
	SAR'000			
Gross premiums written				
Individual	**954**	**182,010**	**10,376**	**193,340**
Micro enterprise	**21,661**	**3,788**	**764**	**26,213**
Small	**9,815**	**5,866**	**725**	**16,406**
Medium	**2,773**	**75**	**1,582**	**4,430**
Large	**12,099**	**2,322**	**6,534**	**20,955**
TOTAL GROSS PREMIUMS WRITTEN	**47,302**	**194,061**	**19,981**	**261,344**

	For the three-months period ended 30 September 2022			
	Medical	Motor	Properties and accident	Total
	SAR'000			
Gross premiums written				
Individual	351	151,382	4,604	156,337
Micro enterprise	27,736	3,987	277	32,000
Small	12,798	348	1,141	14,287
Medium	8,546	114	3,748	12,408
Large	7,781	1	3,926	11,708
TOTAL GROSS PREMIUMS WRITTEN	57,212	155,832	13,696	226,740

10 SEGMENTAL INFORMATION (CONTINUED)

	As at 30 September 2023 (Unaudited)						
	Medical	**Motor**	**General Accident**	**Others**	**Total - Insurance Operations**	**Shareholders' Operations**	**Total**
				SAR'000			
Assets							
Reinsurance contract assets	**28,024**	**6,470**	**11,285**	**14,206**	**59,985**	**-**	**59,985**
Cash and cash equivalents	**-**	**-**	**-**	**-**	**578,069**	**99,115**	**677,184**
Investments measured at fair value through other comprehensive income	**-**	**-**	**-**	**-**	**-**	**39,703**	**39,703**
Debt instruments at amortised cost.	**-**	**-**	**-**	**-**	**-**	**20,000**	**20,000**
Unallocated assets	**-**	**-**	**-**	**-**	**85,850**	**47,966**	**133,816**
Total assets	**28,024**	**6,470**	**11,285**	**14,206**	**723,904**	**206,784**	**930,688**
Liabilities							
Insurance contract liabilities	**77,103**	**158,925**	**46,517**	**387,118**	**669,663**	**-**	**669,663**
Unallocated liabilities and equity	**-**	**-**	**-**	**-**	**54,241**	**206,784**	**261,025**
Total liabilities and insurance operations` surplus	**77,103**	**158,925**	**46,517**	**387,118**	**723,904**	**206,784**	**930,688**

	As at 31 December 2022 (restated) (unaudited)						
	Medical	Motor	General Accident	Others	Total - Insurance Operations	Shareholders' Operations	Total
				SAR'000			
Assets							
Reinsurance contract assets	32,959	9,457	12,578	7,512	62,506	-	62,506
Cash and cash equivalents	-	-	-	-	414,508	69,823	484,331
Investments measured at fair value through other comprehensive income	-	-	-	-	-	66,925	66,925
Debt instruments at amortised cost.	-	-	-	-	-	20,000	20,000
Unallocated assets	-	-	-	-	82,573	46,454	129,027
Total assets	32,959	9,457	12,578	7,512	559,587	203,202	762,789
				-			
Liabilities							
Insurance contract liabilities	92,347	382,254	64,490	7,734	546,825	-	546,825
Unallocated liabilities and equity	-	-	-	-	12,762	203,202	215,964
Total liabilities and insurance operations` surplus	92,347	382,254	64,490	7,734	559,587	203,202	762,789

	As at 01 January 2022 (restated) (unaudited)						
	Medical	Motor	General Accident	Others	Total - Insurance Operations	Shareholders' Operations	Total
				SAR'000			
Assets							
Reinsurance contract assets-net	20,726	10,340	6,195	6,576	43,837	-	43,837
Term deposits	-	-	-	-	182,127	-	182,127
Cash and cash equivalents	-	-	-	-	52,934	-	52,934
Investments measured at fair value through other comprehensive income	-	-	-	-	-	60,331	60,331
Debt instruments at amortised cost.	-	-	-	-	-	20,000	20,000
Unallocated assets	-	-	-	-	115,029	-	115,029
Total assets	20,726	10,340	6,195	6,576	393,927	80,331	474,258
Liabilities							
Insurance contract liabilities	86,074	233,981	48,249	10,249	378,553	-	378,553
Unallocated liabilities and equity	-	-	-	-	15,374	80,331	95,705
Total liabilities and insurance operations` surplus	86,074	233,981	48,249	10,249	393,927	80,331	474,258

10 SEGMENTAL INFORMATION (CONTINUED)

	For the nine-month period ended 30 September 2023						
	Medical	Motor	General Accident	Others	Total Insurance Operations	Shareholders' Operations	Total
	SAR'000						
REVENUES							
Insurance revenue	152,662	528,167	33,359	16,389	730,577	-	730,577
Insurance service expenses	(131,050)	(517,304)	(6,423)	(2,749)	(657,526)	-	(657,526)
Insurance service result before reinsurance contracts held	21,612	10,863	26,936	13,640	73,051	-	73,051
Allocation of reinsurance premiums	(46,229)	(10,395)	(6,496)	(5,264)	(68,384)	-	(68,384)
Amounts recoverable from reinsurance	41,154	(2,600)	(2,213)	2,206	38,547	-	38,547
Net expenses from reinsurance contracts held	(5,075)	(12,995)	(8,709)	(3,058)	(29,837)	-	(29,837)
INSURANCE REVENUE RESULT	16,537	(2,132)	18,227	10,582	43,214	-	43,214
Interest revenue from financial assets not measured at FVTOCI					21,281	4,213	25,494
Other investment income					-	1,202	1,202
Net impairment loss on financial assets					(108)	(18)	(126)
Net investment income					21,173	5,397	26,570
Net finance income from insurance contracts issued	(966)	2,553	261	11	1,859	-	1,859
Net finance expenses from reinsurance contracts issued	278	21	43	(12)	330		330
	(688)	2574	304	(1)	2189	-	2,189
Net insurance and investment result	15,849	442	18,531	10,581	66,576	5,397	71,973
Other income					707	-	707
Other operating expenses					(17,964)	(2,554)	(20,518)
Net profit / (loss) for the period, before zakat & income tax,					49,319	2,843	52,162
Zakat charge for the period					-	(5,800)	(5,800)
Net profit attributeable to shareholders							46,362

10 SEGMENTAL INFORMATION (CONTINUED)

	For the nine-month period ended 30 September 2022						
	Medical	Motor	General Accident	Others	Total Insurance Operations	Shareholders' Operations	Total
	SAR'000						
REVENUES							
Insurance revenue	145,888	299,506	21,187	18,971	485,552	-	485,552
Insurance service expenses	(128,445)	(339,368)	(4,166)	(18,019)	(489,998)	-	(489,998)
Insurance service result before reinsurance contracts held	17,443	(39,862)	17,021	952	(4,446)	-	(4,446)
Allocation of reinsurance premiums	(41,244)	(1,877)	(2,123)	(20,118)	(65,362)	-	(65,362)
Amounts recoverable from reinsurance	41,601	-	724	1,797	44,122	-	44,122
Net expenses from reinsurance contracts held	357	(1,877)	(1,399)	(18,321)	(21,240)	-	(21,240)
INSURANCE REVENUE RESULT	17,800	(41,739)	15,622	(17,369)	(25,686)	-	(25,686)
Interest revenue from financial assets not measured at FVTOCI					2,211	1,095	3,306
Other investment income					-	1,401	1,401
Net impairment loss on financial assets					-	(101)	(101)
Net investment income					2,211	2,395	4,606
Net finance income from insurance contracts issued	3,172	822	137	(614)	3,517	-	3,517
Net finance expenses from insurance contracts issued	-	(230)	(36)	51	(215)		(215)
	3,172	592	101	(563)	3302	-	3,302
Net insurance and investment result	20,972	(41,147)	15,723	(17,932)	(20,173)	2,395	(17,778)
Other income					-	257	257
Other operating expenses					(18,432)	328	(18,104)
Net profit / (loss) for the period, before zakat & income tax,					(38,605)	2,980	(35,625)
Zakat charge for the period					-	8,432	8,432
Net loss attributeable to shareholders							(27,193)

10 SEGMENTAL INFORMATION (CONTINUED)

	For the three-month period ended 30 September 2023						
	Medical	Motor	General Accident	Others	Total Insurance Operations	Shareholders' Operations	Total
	SAR'000						
REVENUES							
Insurance revenue	47,278	196,265	22,826	(10,186)	256,183	-	256,183
Insurance service expenses	(38,243)	(174,535)	(5,687)	3,735	(214,730)	-	(214,730)
Insurance service result before reinsurance contracts held	9,035	21,730	17,139	(6,451)	41,453	-	41,453
Allocation of reinsurance premiums	(13,788)	(7,796)	(5,770)	6,192	(21,162)	-	(21,162)
Amounts recoverable from reinsurance	11,438	(2,600)	(2,213)	2,680	9,305	-	9,305
Net expenses from reinsurance contracts held	(2,350)	(10,396)	(7,983)	8,872	(11,857)	-	(11,857)
INSURANCE REVENUE RESULT	6,685	11,334	9,156	2,421	29,596	-	29,596
Interest revenue from financial assets not measured at FVTOCI					8,368	1,287	9,655
Other investment income					-	164	164
Net impairment loss on financial assets					(108)	48	(60)
Net investment income					8,260	1,499	9,759
Net finance income from insurance contracts issued	(530)	1,552	260	-51	1,231	-	1,231
Net finance expenses from insurance contracts issued	(10)	2	24	(20)	(4)	-	(4)
	(540)	1554	284	-71	1227	-	1,227
Net insurance and investment result	6,145	12,888	9,440	2,350	39,083	1,499	40,582
Other income					707	(1)	706
Other operating expenses					(6,044)	(645)	(6,689)
Net profit for the period, before zakat & income tax					33,746	853	34,599
Zakat charge for the period					-	(2,300)	(2,300)
Net profit attributeable to shareholders							32,299

10 SEGMENTAL INFORMATION (CONTINUED)

	For the three-month period ended 30 September 2022						
	Medical	Motor	General Accident	Others	Total Insurance Operations	Shareholders' Operations	Total
	SAR'000						
REVENUES							
Insurance revenue	57,232	103,568	10,789	3,473	175,062	-	175,062
Insurance service expenses	(39,718)	(103,571)	(454)	(13,877)	(157,620)	-	(157,620)
Insurance service result before reinsurance contracts held	17,514	(3)	10,335	(10,404)	17,442	-	17,442
Allocation of reinsurance premiums	(16,678)	(1,175)	477	(6,052)	(23,428)	-	(23,428)
Amounts recoverable from reinsurance	14,196	-	(907)	2,417	15,706	-	15,706
Net expenses from reinsurance contracts held	(2,482)	(1,175)	(430)	(3,635)	(7,722)	-	(7,722)
INSURANCE REVENUE RESULT	15,032	(1,178)	9,905	(14,039)	9,720	-	9,720
Interest revenue from financial assets not measured at FVTOCI					688	783	1,471
Other investment income					-	392	392
Net impairment loss on financial assets					-	196	196
Net investment income					688	1,371	2,059
Net finance income from insurance contracts issued	3,022	623	106	(747)	3,004	-	3,004
Net finance expenses from insurance contracts issued	-	(241)	(34)	23	(252)		(252)
	3,022	382	72	(724)	2,752	-	2,752
Net insurance and investment result	18,054	(796)	9,977	(14,763)	13,160	1,371	14,531
Other income					-	257	257
Other operating expenses					(7,369)	-	(7,369)
Net profit / (loss) for the period, before zakat & income tax,					5,791	1,628	7,419
Zakat charge for the period					-	6,932	6,932
Net profit attributebale to shareholders							14,351

11 FAIR VALUES OF FINANCIAL INSTRUMENTS

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

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

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

Determination of fair value and fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments:
Level 1: quoted prices in active markets for the same or identical instrument that an entity can access at the measurement date;
Level 2: quoted prices in active markets for similar assets and liabilities or other valuation techniques for which all significant inputs are based on observable market data; and
Level 3: valuation techniques for which any significant input is not based on observable market data.

a) Carrying amount and fair value

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

Shareholders' operations

SAR'000s	Carrying Value	Level 1	Level 2	Level 3	Total
30 September, 2023					
Investments measured at fair value through other comprehensive income					
Unquoted securities	**39,703**	-	-	**39,703**	**39,703**
Quoted securities	-	-	-	-	-
Quoted local real estate fund	-	-	-	-	-
	39,703	-	-	**39,703**	**39,703**

Shareholders' operations

SAR'000'	Value	Level 1	Level 2	Level 3	Total
31 December, 2022					
Financial assets measured at fair value					
Investments measured at fair value through other comprehensive income					
Unquoted securities	39,703		-	39,703	39,703
Quoted securities	12,507	12,507	-	-	12,507
Quoted local real estate fund	14,889	14,889	-	-	14,889
	67,099	27,396	-	39,703	67,099

Shareholders' operations

SAR'000'	Carrying Value	Level 1	Level 2	Level 3	Total
01 January 2021					
Investments measured at fair value through other comprehensive income					
Unquoted Securities	37,032	-	-	37,032	37,032
Quoted securities	11,508	11,508	-	-	11,508
Quoted local real estate fund	17,290	17,290	-	-	17,290
	65,830	28,798	-	37,032	65,830

12 RELATED PARTY TRANSACTIONS AND BALANCES

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

Related parties	Nature of transaction	Transactions for the nine months period ended		Balance receivable / (payable) as at	
		30 September 2023 (Unaudited)	30 September 2022 (Unaudited)	**30 September 2023 (Unaudited)**	31 December, 2022 (Unaudited)
		SAR'000			
Board of directors	Premuim written	-	-	-	-
Affiliates	Premuim written	-	-	-	1,881
	Claims paid/ payment received	-	-	**(187)**	(811)
ACIG Bahrain (Shareholder)	Claims paid on behalf of ACIG Bahrain	-	-	-	1,985
Board and audit committee	Attendance fees	**784**	**59**	-	-

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

	SAR'000	
	30 September 2023 (Unaudited)	30 September 2022 (Unaudited)
Salaries and other allowances	**847**	900
Employees' terminal benefits	**110**	95
	957	995

13 PROVISION FOR ZAKAT AND INCOME TAX

	SAR'000	
	30 September 2023 (Unaudited)	31 December 2022 (Unaudited)
Balance at the beginning of the period / year	**9,456**	16,888
Provided /(reversed) during the period / year	**5,800**	(7,432)
Payments during the period / year	**(6,659)**	-
Balance at the end of the period / year	**8,597**	9,456

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:

	SAR'000	
	30 September 2023 (Unaudited)	31 December 2022 (Unaudited)
Balance at the beginning of the period / year	**25**	25
Balance at the end of the period / year	**25**	25
Total zakat and income tax	**8,622**	9,481

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 2022. Final certificate has been received from the ZATCA for the year ended 31 December 2022. 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.

14 SHARE CAPITAL

As at 30 September, 2023, the authorized, subscribed and paid up share capital of the Company was SAR 291 million (31 December 2022:SAR 291 million) , divided into 29.1 million (31 December 2022: 29.1 million) shares of SAR 10 each. Subsequent to the period end, on 19 October 2023, the Company announced on Tadawul the Board's Recommendation to increase the share capital by SAR 209 million by offering right shares to the existing shareholders subject to SAMA ,CMA and other regulatory authorities' approvals in addition to Extraordinary General Assembly approval.

15 EARNING /(LOSS) PER SHARE

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

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

	SAR'000	
	For the nine months period ended	
	30 September 2023 (Unaudited)	30 September 2022 (Restated)*(unaudited)
Net profit / (loss) for the period	**46,362**	(27,193)
Weighted average number of ordinary shares outstanding	**29,100**	28,366
Basic and diluted earnings / (loss) per share (SAR)	**1.59**	(0.96)

	SAR'000	
	For the three months period ended	
	30 September 2023 (Unaudited)	30 September 2022 (Restated)*(unaudited)
Net profit for the period	**32,299**	14,351
Weighted average number of ordinary shares outstanding	**29,100**	29,100
Basic and diluted earnings per share (SAR)	**1.11**	0.49

16 SUBSEQUENT EVENTS

Subsequent to the period end, on 19 October 2023, the Company announced on Tadawul the Board's recommendation to increase the share capital. For further details refer to the Note no. 14.

17 APPROVAL OF THE INTERM CONDEMSED FINANCIAL STATEMENTS

These interim condensed financial statements have been approved by the Board of Directors on 01 November, 2023 (corresponding to Rabi' II 17, 1445 AH).