

**AL SAGR COOPERATIVE INSURANCE
COMPANY
(A Saudi Joint Stock Company)**

**INTERIM CONDENSED FINANCIAL
INFORMATION FOR THE THREE-MONTH
AND NINE-MONTH PERIODS ENDED 30
SEPTEMBER 2023 (UNAUDITED)
AND REPORT ON REVIEW OF INTERIM
CONDENSED FINANCIAL INFORMATION**

AL SAGR COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2023

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Report on review of interim condensed financial information

To the shareholders of Al Sagr Cooperative Insurance Company (A Saudi Joint Stock Company)

Introduction

We have reviewed the accompanying interim condensed statement of financial position of Al Sagr Cooperative Insurance Company (the "Company") as of 30 September 2023 and the related interim condensed statements of income and comprehensive income for the three-month and nine-month periods then ended and the interim condensed statements of changes in equity and cash flows for the nine-month period ended 30 September 2023 and other explanatory notes. Management is responsible for the preparation and presentation of this interim condensed financial information in accordance with International Accounting Standard 34 - "Interim Financial Reporting" ("IAS 34"), as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on this interim condensed financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity", as endorsed in the Kingdom of Saudi Arabia. A review of interim financial information 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, as 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 information is not prepared, in all material respects, in accordance with IAS 34, as endorsed in the Kingdom of Saudi Arabia.

Al Kharashi & Co. Certified Accountants and Auditors.

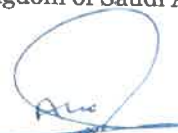
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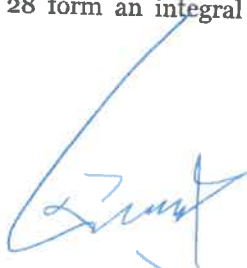
AL SAGR COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
(All amounts expressed in Saudi Riyals unless otherwise stated)

		30 September 2023 (Unaudited)	31 December 2022 (Restated - Notes 3 and 4) (Unaudited)	1 January 2022 (Restated - Notes 3 and 4) (Unaudited)
	Note			
ASSETS				
Cash and cash equivalents	6	173,702,205	222,966,665	288,218,253
Term deposits	7	185,327,390	127,000,000	86,250,000
Investments:				
Financial assets at fair value through profit or loss ("FVTPL")	8	53,536,764	50,354,454	87,314,336
Financial assets at fair value through other comprehensive income ("FVOCI")	8	39,703,127	39,703,127	37,032,560
Prepaid expenses and other assets		22,571,843	26,833,464	13,686,959
Insurance contract assets	11	-	578,724	-
Reinsurance contract assets	11	44,034,834	33,930,620	64,504,666
Right-of-use assets		1,307,510	2,687,320	4,405,468
Property and equipment		4,322,869	5,248,300	5,210,239
Intangible assets		5,273,470	6,053,180	5,720,623
Goodwill	9	25,513,750	25,513,750	25,513,750
Statutory deposit	10	21,000,000	21,000,000	40,000,000
Accrued income on statutory deposit	10	1,464,274	6,025,857	5,840,536
TOTAL ASSETS		577,758,036	567,895,461	663,697,390
LIABILITIES				
Accrued and other liabilities		26,593,209	27,734,019	17,032,270
Insurance contract liabilities	11	310,688,405	323,256,022	376,888,206
Reinsurance contract liabilities	11	67,401	2,625,024	4,082,433
Employee benefit obligations		7,630,783	8,031,606	9,204,102
Lease liabilities		1,477,311	2,616,991	3,805,657
Due to related parties	17	1,123,750	1,123,750	1,123,750
Zakat and income tax payable	18	39,898,716	42,653,769	42,652,370
Accrued income payable to SAMA		1,464,274	6,025,857	5,840,537
Dividends payable		370,349	370,349	370,349
TOTAL LIABILITIES		389,314,198	414,437,387	460,999,674
EQUITY				
Share capital	12	140,000,000	140,000,000	400,000,000
Retained earnings (accumulated losses)		5,739,053	(29,246,711)	(235,786,994)
Fair value reserve	8	37,780,047	37,780,047	35,109,480
Remeasurement reserve of employee benefit obligations		4,924,738	4,924,738	3,375,230
TOTAL EQUITY		188,443,838	153,458,074	202,697,716
TOTAL LIABILITIES AND EQUITY		577,758,036	567,895,461	663,697,390

The accompanying notes from 1 to 28 form an integral part of this interim condensed financial information.



CFO (Acting)



CEO (Acting)



Chairman of BOD

AL SAGR COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
INTERIM CONDENSED STATEMENT OF INCOME
(All amounts expressed in Saudi Riyals unless otherwise stated)

		Three-month period ended 30 September 2023 (Unaudited)	Three-month period ended 30 September 2022 (Restated - Notes 3 and 4) (Unaudited)	Nine-month period ended 30 September 2023 (Unaudited)	Nine-month period ended 30 September 2022 (Restated - Notes 3 and 4) (Unaudited)
Note					
	Insurance revenue	13	128,903,312	118,719,747	364,877,742
	Insurance service expenses	13	(114,276,257)	(90,467,633)	(319,384,752)
	Net income (expenses) from reinsurance contracts held	13	4,495,340	(28,487,269)	(22,821,658)
	Insurance service result		19,122,395	(235,155)	(58,270,055)
	Interest income from financial assets not measured at FVTPL		5,978,533	234,694	16,015,143
	Net (losses) gains on financial assets measured at FVTPL		(15,416)	2,041,732	6,446,679
	Net investment income		5,963,117	2,276,426	1,133,681
	Finance (expenses) income from insurance contracts issued	14	(1,649,278)	684,939	897,846
	Finance income (expenses) from reinsurance contracts held	14	2,040,946	723,986	721,940
	Net insurance finance income		391,668	1,408,925	2,583,430
	Net insurance and investment result		25,477,180	3,450,196	(46,621,424)
	Other operating expenses	15	(6,577,494)	(4,987,296)	(19,194,639)
	Finance costs on lease liabilities		(4,663)	(9,554)	(22,785)
	Other income	16	100,654	7,203,316	11,650,248
	Total profit (loss) for the period before zakat		18,995,677	5,656,662	(55,266,850)
	Zakat expense	18	(1,000,000)	(1,200,000)	(4,200,000)
	NET PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO THE SHAREHOLDERS		17,995,677	4,456,662	(58,866,850)
	Earnings (losses) per share (expressed in Saudi Riyals per share)				
	Basic earnings (losses) per share	20	1.29	0.32	2.50
	Diluted earnings (losses) per share	20	1.29	0.32	2.50

The accompanying notes from 1 to 28 form an integral part of this interim condensed financial information.

Masood

Signature

Signature

AL SAGR COOPERATIVE INSURANCE COMPANY

(A Saudi Joint Stock Company)

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME

(All amounts expressed in Saudi Riyals unless otherwise stated)

	Three-month period ended 30 September 2023 (Unaudited)	Three-month period ended 30 September 2022 (Restated – Notes 3 and 4) (Unaudited)	Nine-month period ended 30 September 2023 (Unaudited)	Nine-month period ended 30 September 2022 (Restated – Notes 3 and 4) (Unaudited)
NET PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO THE SHAREHOLDERS	17,995,677	4,456,662	34,985,764	(58,866,850)
Other comprehensive income	-	-	-	-
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD ATTRIBUTABLE TO THE SHAREHOLDERS	17,995,677	4,456,662	34,985,764	(58,866,850)

The accompanying notes from 1 to 28 form an integral part of this interim condensed financial information.

Masood

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AL SAGR COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2023
(All amounts expressed in Saudi Riyals unless otherwise stated)

	Note	Share capital	Retained earnings (accumulated losses)	Remeasurement reserve of employee benefit obligations	Fair value reserve	Total
Balance at 31 December 2022 (Audited)		140,000,000	(10,539,284)	4,924,738	(4,060,641)	130,324,813
Adjustment on adoption of IFRS 17	4	-	(14,646,786)	-	-	(14,646,786)
Adjustment on adoption of IFRS 9	4	-	(4,060,641)	-	41,840,688	37,780,047
Balance at 1 January 2023 (Restated - Notes 3 and 4) - (Unaudited)		140,000,000	(29,246,711)	4,924,738	37,780,047	153,458,074
Total comprehensive income for the period		-	34,985,764	-	-	34,985,764
Net profit for the period attributable to the shareholders		-	-	-	-	-
Other comprehensive income		-	-	-	-	-
Total comprehensive income for the period attributable to the shareholders		-	34,985,764	-	-	34,985,764
Balance at 30 September 2023 (Unaudited)		140,000,000	5,739,053	4,924,738	37,780,047	188,443,838
Balance at 31 December 2021 (Audited)		400,000,000	(197,043,022)	3,375,230	6,944,730	213,276,938
Adjustment on adoption of IFRS 17	4	-	(47,167,354)	-	-	(47,167,354)
Adjustment on adoption of IFRS 9	4	-	8,423,382	-	28,164,750	36,588,132
Balance at 1 January 2022 (Restated - Notes 3 and 4) - (Unaudited)		400,000,000	(235,786,994)	3,375,230	35,109,480	202,697,716
Total comprehensive loss for the period (Restated - Notes 3 and 4)		-	(58,866,850)	-	-	(58,866,850)
Net loss for the period attributable to the shareholders		-	-	-	-	-
Other comprehensive income		-	-	-	-	-
Total comprehensive loss for the period attributable to the shareholders		-	(58,866,850)	-	-	(58,866,850)
Balance at 30 September 2022 (Restated - Notes 3 and 4) - (Unaudited)		400,000,000	(294,653,844)	3,375,230	35,109,480	143,830,866

The accompanying notes from 1 to 28 form an integral part of this interim condensed financial information.

M. Al-Sagoff

26/10/23

[Signature]

AL SAGR COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
INTERIM CONDENSED STATEMENT OF CASH FLOWS
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2023
(All amounts expressed in Saudi Riyals unless otherwise stated)

		For nine-month period ended 30 September 2023 (Unaudited)	For nine-month period ended 30 September 2022 (Restated - Notes 3 and 4) (Unaudited)
	Note		
CASH FLOWS FROM OPERATING ACTIVITIES			
Total profit (loss) for the period before surplus attribution and zakat		39,185,764	(55,266,850)
<u>Adjustments for non-cash items:</u>			
Depreciation of property and equipment		934,248	579,183
Amortization of intangible assets		964,792	380,222
Depreciation of right-of-use assets		1,129,503	1,357,612
Finance costs on lease liabilities		22,785	47,729
Gain on disposal of property and equipment		(13,788)	-
Net gain on FVTPL investments		(6,446,679)	(1,133,681)
Provision for employees benefit obligations		1,415,405	1,519,422
Changes in operating assets and liabilities:			
Prepaid expenses and other assets		4,261,621	(10,317,807)
Accrued and other liabilities		(1,127,428)	15,870,252
Accrued income on statutory deposit	10	4,561,583	(278,133)
Accrued income payable to SAMA		(4,561,583)	278,133
Changes in insurance contract assets		578,724	-
Changes in reinsurance contract assets		(10,104,214)	21,971,647
Changes in insurance contract liabilities		(12,567,617)	(43,427,595)
Changes in reinsurance contract liabilities		(2,557,623)	129,214
Cash generated from (used in) operations		15,675,493	(68,290,652)
Employee benefit obligations paid		(1,816,228)	(1,609,713)
Finance costs paid on lease liabilities		(22,785)	(47,729)
Zakat paid		(6,955,053)	(4,598,601)
Net cash generated from (used in) operating activities		6,881,427	(74,546,695)
CASH FLOWS FROM INVESTING ACTIVITIES			
Placement in term deposits		(200,327,390)	(42,233,478)
Liquidations of term deposits	7	142,000,000	66,250,000
Purchases of financial assets held at FVTPL	8	(12,188,057)	(54,535,881)
Proceeds from disposal of financial assets held at FVTPL	8	15,452,426	90,607,137
Payments for purchases of property and equipment		(13,729)	(1,131,241)
Purchases of intangible assets		(185,082)	(1,138,525)
Proceeds from disposal of property and equipment		18,700	-
Net cash (used in) generated from investing activities		(55,243,132)	57,818,012
			(continued)

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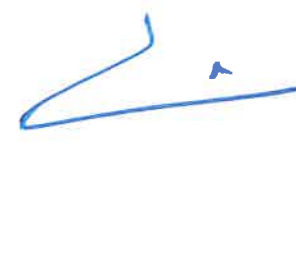
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AL SAGR COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
INTERIM CONDENSED STATEMENT OF CASH FLOWS (continued)
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2023
(All amounts expressed in Saudi Riyals unless otherwise stated)

		For nine-month period ended 30 September 2023 (Unaudited)	For nine-month period ended 30 September 2022 (Restated - Notes 3 and 4) (Unaudited)
	Note		
CASH FLOWS FROM FINANCING ACTIVITIES			
Principal elements of lease payments		(902,755)	(1,203,218)
Net decrease in cash and cash equivalents		(49,264,460)	(17,931,901)
Cash and cash equivalents at the beginning of the period	6	222,966,665	288,218,253
Cash and cash equivalents at end of the period	6	173,702,205	270,286,352

The accompanying notes from 1 to 28 form an integral part of this interim condensed financial information.

Masood

AL SAGR COOPERATIVE INSURANCE COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION**FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2023**

(All amounts expressed in Saudi Riyals unless otherwise stated)

1. General information*(a) Legal status and principal activities*

Al Sagr Cooperative Insurance Company (the "Company") is a Saudi Joint Stock Company established in Dammam, Kingdom of Saudi Arabia and incorporated on 26 Muharram 1429H (corresponding to 4 February 2008) under commercial registration ("CR") number 1010243765 which was later amended to 2051036871 dated 22 Rabi' I 1429H (corresponding to 30 March 2008). The Company has been licensed to conduct cooperative insurance business in the Kingdom of Saudi Arabia under cooperative principles in accordance with Royal Decree number 60/M dated 18 Ramadan 1427H (corresponding to 11 October 2006), pursuant to Council of Ministers resolution number 233 dated 16 Ramadan 1427H (corresponding to 9 October 2006). The Company's registered address is P.O. Box 3501, Dammam 32241, Kingdom of Saudi Arabia.

The purpose of the Company is to transact in cooperative insurance and reinsurance operations and all related activities in accordance with the Law on Supervision of Cooperative Insurance Companies in the Kingdom of Saudi Arabia (the "Law") and its implementing regulations. The Company obtained license from the Saudi Central Bank ("SAMA") to practice general and health insurance and reinsurance business in the Kingdom of Saudi Arabia vide license number TMN/13/20083, dated 23 Rabi' I 1429H (corresponding to 31 March 2008). The Company commenced insurance operations on 4 Muharram 1430H (corresponding to 1 January 2009). On 11 Ramadan 1436H (corresponding to 28 June 2015), the Company received approval from SAMA to cancel its reinsurance license.

The Company operates through three main branches and various point of sale stores located in the Kingdom of Saudi Arabia. Following are the CR numbers of three main branches:

Branch type	Location	CR number
Regional branch	Dammam	2051036871
Regional branch	Jeddah	4030182618
Regional branch	Riyadh	1010243765

(b) Going concern and solvency requirements

During 2022, the Company incurred a net loss attributable to the shareholders of Saudi Riyals 73.5 million and had accumulated losses of Saudi Riyals 29.2 million as of 31 December 2022. In addition, the Company's solvency margin was 76% as of 31 December 2022 which was not in compliance with the SAMA Implementing regulations. These events and conditions indicated the existence of a material uncertainty that cast significant doubt on the Company's ability to continue as a going concern, as of 31 December 2022.

To address the above factors, management has been implementing various performance improvement measures as approved by the Company's Board of Directors, which, among others, include the following:

- Diversification of its insurance portfolio and implementing price increases on renewals and on new policies written;
- Improvement in controls over processing of claims
- Improved recoverability of premium receivable balances;
- Implementation of investment strategies with better returns;
- Enhanced controls over general and administrative expenses.

AL SAGR COOPERATIVE INSURANCE COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2023

(All amounts expressed in Saudi Riyals unless otherwise stated)

1. General information (continued)

(b) Going concern and solvency requirements (continued)

As a result of the above measures, the Company has earned a net profit attributable to the shareholders of Saudi Riyals 35.0 million and has a net operating cash inflow of Saudi Riyals 6.9 million for the nine-month period ended 30 September 2023. Further, as of 30 September 2023, the Company's retained earnings amounted to Saudi Riyals 5.7 million and the Company's solvency margin has improved to be in compliance with the minimum solvency requirements as mandated by SAMA.

Management continues to focus on the above-mentioned performance improvement measures and expects that this will further reflect positively in the operational results and cash flows for the remaining part of 2023 and the next year. Further, management continues to monitor performance indicators of all lines of business and prevailing market conditions based on the detailed business plan and projected cash flows, for the years from 2023 to 2027, which shows profitable operations for these years. Such business plan has also been updated to conform to the new presentation requirements of IFRS 17 "Insurance Contracts" and management expects it to be approved by the Company's Board of Directors before the issuance of the annual financial statements for the year ending 31 December 2023.

Based on the above, management believes that, as of 30 September 2023, the going concern assumption remains appropriate and accordingly, has prepared the accompanying interim condensed financial information on a going concern basis.

(c) Reduction in share capital

The Company had accumulated losses of Saudi Riyals 269.4 million as at 30 September 2022 which exceeded one half of the Company's share capital and reached 67.4% of its share capital. This condition, as per the requirements of Article 150 of the Regulations, required the Company's Board of Directors to hold an extraordinary general assembly meeting ("EOGM") within the period specified by the Regulations to reduce the accumulated losses to less than one half of the share capital or to dissolve the Company before its term set in its By-laws.

Accordingly, the Company obtained the necessary regulatory approvals and its shareholders resolved to reduce the Company's share capital by absorbing accumulated losses amounting to 260.0 million Saudi Riyals in the EOGM held on 31 October 2022, so as to reduce the accumulated losses to less than one half of the share capital, which was reflected in the statement of financial position for the year ended 31 December 2022.

(d) Proposed rights issue

The Board of Directors, in their meeting held on 13 September 2023, resolved to recommend rights issue to its shareholders to increase the share capital of Company by Saudi Riyals 160 million, which is subject to the approval from the regulatory authorities and the shareholders of the Company.

(e) Merger agreement

The Company signed a non-binding Memorandum of Understanding with Gulf Union Al Ahlia Cooperative Insurance Company ("GUACI"), on 19 September 2022, to evaluate a potential merger between GUACI and the Company. The Company signed a merger agreement with GUACI on 22 March 2023, for which approvals from SAMA and Capital Market Authority were obtained on 17 July 2023 and 26 July 2023, respectively. The merger was then subject to approval from the shareholders of both GUACI and the Company. However, the shareholders of the Company did not approve the merger transaction in the extraordinary general meeting held on 30 August 2023 resulting in the merger being called off.

AL SAGR COOPERATIVE INSURANCE COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2023

(All amounts expressed in Saudi Riyals unless otherwise stated)

1. General information (continued)

(f) Board of Directors

Subsequent to the nine-month period ended 30 September 2023, the Capital Market Authority, on 30 October 2023, granted an extension to the term of the Board of Directors until 22 November 2023, for the purpose of inviting an ordinary general assembly meeting of shareholders to elect a new Board of Directors and for approving the interim condensed financial information for the three-month and nine-month periods ended 30 September 2023.

2. Basis of preparation

a) Statement of Compliance

The interim condensed financial information of the Company has been prepared in accordance with 'International Accounting Standard 34 - Interim Financial Reporting ("IAS 34") as endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by the Saudi 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 judgments, estimates and accounting policies are described in Notes 3 and 4.

As required by the Saudi Arabian Insurance Regulations, the Company maintains separate books of accounts for insurance operations and shareholders' operations and presents the financial information accordingly. Assets, liabilities, revenues and expenses clearly attributable to either activity is recorded in the respective accounts. The basis of allocation of expenses from joint operations is determined and approved by management of the Company and the Board of Directors.

In accordance with the requirements of Implementing Regulation for Co-operative Insurance Companies (the "Regulations") issued by SAMA and as per by-laws of the Company, shareholders of the Company are to receive 90% of the annual surplus from insurance operations and the policyholders are to receive the remaining 10%. Any deficit arising from insurance operations is transferred to the shareholders' operations in full.

SAMA implementing regulations requires the clear segregation of the assets, liabilities, income and expenses of the insurance operations and the shareholders' operations. In preparing the Company's financial information in compliance with IAS 34, as endorsed in the Kingdom of Saudi Arabia, the balances and transactions of the insurance operations are amalgamated and combined with those of the shareholders' operations. Interoperation balances, transactions and unrealized gains or losses, if any, are eliminated in full during amalgamation. The accounting policies adopted for the insurance operations and shareholders' operations are uniform for like transactions and events in similar circumstances.

AL SAGR COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2023
(All amounts expressed in Saudi Riyals unless otherwise stated)

2. Basis of preparation (continued)

(b) Basis of measurement

The interim condensed financial information is prepared under the historical cost convention, except for the measurement of financial assets at FVTPL, financial assets at FVOCI and employee benefit obligations recorded at the present value using the projected unit credit method.

The Company's interim condensed statement of financial position is not presented using a current/non-current classification and is presented in order of liquidity. However, the following balances would generally be classified as current: cash and cash equivalents, prepaid expenses and other assets, accrued income on statutory deposit, accrued and other liabilities, zakat payable, dividend payable and accrued income payable to SAMA. The following balances would generally be classified as non-current: financial assets at FVTPL, property and equipment, right-of-use assets, goodwill, intangible assets, statutory deposit, and employee benefit obligations. The balances which are of mixed in nature i.e. include both current and non-current portions include term deposits, insurance contract liabilities/assets, reinsurance contract assets/liabilities and lease liabilities.

(c) Basis of presentation

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

(d) Functional and presentation currency

This interim condensed financial information is expressed in Saudi Arabian Riyals ("Saudi Riyals") which is the functional and presentation currency of the Company.

(e) Seasonality of operations

There are no seasonal changes that may affect insurance operations of the Company. The interim results may not represent a proportionate share of the annual results due to cyclical variability in premiums and uncertainty of claims occurrences.

(f) Changes in products and services

During the nine-month period ended 30 September 2023, there were no significant changes in products or services and their terms of the insurance contracts offered by the Company. Refer Note 3 for details regarding impact of adoption of IFRS 17 and IFRS 9.

AL SAGR COOPERATIVE INSURANCE COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2023

(All amounts expressed in Saudi Riyals unless otherwise stated)

3. Significant accounting policies

3.1 New standards, amendments and interpretations applied by the Company

The accounting policies, estimates and assumptions used in the preparation of this interim condensed financial information are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2022, except as explained below.

A number of new or amended standards became applicable for the current reporting period and the Company had to change its accounting policies as a result of adopting the following standards:

- a) IFRS 17 *Insurance contracts* ("IFRS 17"), and
- b) IFRS 9 *Financial Instruments* ("IFRS 9").

The new accounting policies and the impact of the adoption of these new standards are disclosed in Note 3.2, Note 3.3 and Note 4, respectively. The Company did not have to change its accounting policies or make retrospective adjustments as a result of adopting the other new and amended standards.

Certain new accounting standards and interpretations have been published that are not mandatory for 30 September 2023 reporting periods and have not been early adopted by the Company. Management is in the process of assessing the impact of such new standards and interpretations on its interim condensed financial information.

3.2 Changes in accounting policies

3.2.1 IFRS 17

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").

i. Classification and summary of measurement models

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"). As a general guideline, the Company defines significant insurance risk as the possibility of having to pay benefits on the occurrence of an insured event that are at least 10% more than the benefits payable if the insured event did not occur.

The Company issues non-life insurance to individuals and businesses. Non-life insurance products offered include medical, motor, liability, engineering, property, general accident, marine and protection. These products offer protection of policyholder's assets and indemnification of other parties that have suffered damage as a result of a policyholder's accident. The Company does not issue any contracts with direct participating features.

In the normal course of business, the Company uses reinsurance to mitigate its risk exposures. A reinsurance contract transfers significant risk if it transfers substantially all of the insurance risk resulting from the insured portion of the underlying insurance contracts, even if it does not expose the reinsurer to the possibility of a significant loss.

None of the insurance contracts issued by the Company contain embedded derivatives, investment components or any other goods and services.

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3. Significant accounting policies (continued)

3.2 Changes in accounting policies (continued)

3.2.1 IFRS 17 (continued)

ii. Level of aggregation

The Company identifies portfolios of insurance contracts. Each portfolio comprises contracts that are subject to similar risks and managed together, and is divided into three groups:

- Any contracts that are onerous on initial recognition;
- Any contracts that, on initial recognition, have no significant possibility of becoming onerous subsequently; and
- Any remaining contracts in the portfolio.

The portfolios are further divided by year of issue.

Portfolios of reinsurance contracts held are assessed for aggregation separately from portfolios of insurance contracts issued. Applying the grouping requirements to reinsurance contracts held, the Company aggregates reinsurance contracts held concluded within a calendar year (annual cohorts) into groups of: (i) contracts for which there is a net gain at initial recognition, if any; (ii) contracts for which, at initial recognition, there is no significant possibility of a net gain arising subsequently; and (iii) remaining contracts in the portfolio, if any.

Reinsurance contracts held are assessed for aggregation requirements on an individual contract basis. The Company tracks internal management information reflecting historical experiences of such contracts' performance. This information is used for setting pricing of these contracts such that they result in reinsurance contracts held in a net cost position without a significant possibility of a net gain arising subsequently.

The Company assumes that no contracts are onerous at initial recognition, unless facts and circumstances indicate otherwise. If facts and circumstances indicate that some contracts are onerous, an additional assessment is performed to distinguish onerous contracts from non-onerous ones. For non-onerous contracts, the Company assesses the likelihood of changes in the applicable facts and circumstances in the subsequent periods in determining whether contracts have a significant possibility of becoming onerous. This assessment is performed at a policyholder-pricing-groups level.

iii. Recognition

The Company recognises a group of insurance contracts issued from the earliest of the following:

- The beginning of the coverage period of the group of contracts.
- The date when the first payment from a policyholder in the group becomes due. If there is no contractual due date, then it is considered to be the date when the first payment is received from the policyholder.
- For a group of onerous contracts, the date when facts and circumstances indicate that the group to which an insurance contract will belong is onerous.

The Company recognises a group of reinsurance contracts held it has entered into from the earlier of the following:

- For reinsurance contracts that provide proportionate coverage, at the later of:
 - (i) the beginning of the coverage period of the group of reinsurance contracts and
 - (ii) the initial recognition of any underlying contract.

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3. Significant accounting policies (continued)

3.2 Changes in accounting policies (continued)

3.2.1 IFRS 17 (continued)

iii. Recognition (continued)

- All other groups of reinsurance contracts held are recognised from the beginning of the coverage period of the group of reinsurance contracts;

However, if the Company entered into the reinsurance contract held at or before the date when an onerous group of underlying contracts is recognised prior to the beginning of the coverage period of the group of reinsurance contracts held, the reinsurance contract held, in this case, is recognised at the same time as the group of underlying insurance contracts is recognised.

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.

iv. Contract boundaries

The measurement of a group of contracts includes all of the future cash flows within the boundary of each contract in the group. Cash flows are within the boundary of a contract if they arise from substantive rights and obligations that exist during the reporting period under which the Company can compel the policyholder to pay premiums or has a substantive obligation to provide services.

A substantive obligation to provide services ends when:

- i) The Company has the practical ability to reassess the risks of the particular policyholder and can set a price or level of benefits that fully reflects those reassessed risks; or
- ii) Both of the following criteria are satisfied
 - The Company has the practical ability to reassess the risks of the portfolio that contains the contract and can set a price or level of benefits that fully reflects the risks of that portfolio; and
 - the pricing of the premiums for coverage up to the reassessment date does not take into account risks that relate to periods after the reassessment date.

The contract boundary is reassessed at each reporting date and, therefore, may change over time.

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3. Significant accounting policies (continued)

3.2 Changes in accounting policies (continued)

3.2.1 IFRS 17 (continued)

v. Measurement

The general measurement model (GMM), also known as the building block approach, consists of the fulfilment cash flows and the contractual service margin. This is the default model under IFRS 17 to measure insurance contracts. However, the Premium Allocation Approach (PAA), which is a simplified measurement model, is permitted if, and only if, at the inception of the group:

- The entity reasonably expects that such simplification would produce a measurement of the liability for remaining coverage for the group that would not differ materially from the one that would be produced applying the general measurement model requirements or
- The coverage period of each contract in the group (including insurance contract services arising from all premiums within the contract boundary determined at that date) is one year or less.

The Company uses the PAA to simplify the measurement of groups of contracts on the following bases:

- Insurance contracts:

The coverage period of medical and motor contracts in the group of contracts is one year or less. PAA eligibility testing has been performed for the for Casualty, Engineering, General Accident, Marine, Fire and property group of contracts. The Company reasonably expects that the measurement of the liability for remaining coverage for the group containing those contracts under the PAA would not differ materially from the measurement that would be produced applying the general measurement model. In assessing materiality, the Company has also considered qualitative factors such as the nature of the risk and types of its lines of business.

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3. Significant accounting policies (continued)

3.2 Changes in accounting policies (continued)

3.2.1 IFRS 17 (continued)

v. Measurement (continued)

• Reinsurance contracts:

The Company reasonably expects that the resulting measurement under the PAA measurement model would not differ materially from the result of applying the general measurement model

The Company does not apply the PAA if, at the inception of the group of contracts, it expects significant variability in the fulfilment cash flows that would affect the measurement of the liability for the remaining coverage during the period before a claim is incurred.

Measurement on initial recognition under PAA:

On initial recognition of each group of contracts that are not onerous, the carrying amount of the liability for remaining coverage ("LRC") is measured at the premiums received on initial recognition less any acquisition cash flows paid..

For reinsurance contracts held, on initial recognition, the Company measures the remaining coverage at the amount of ceding premiums paid, plus broker fees paid to a party other than the reinsurer.

Subsequent measurement under PAA:

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 fulfilment cash flows ("FCF") related to past service allocated to the group at the reporting date.

The carrying amount of a group of reinsurance contracts held at the end of each reporting period is the sum of:

- a. the remaining coverage; and
- b. the incurred claims, comprising the 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
- e. expenses

For reinsurance contracts held, at each of the subsequent reporting dates, the remaining coverage is:

- a. increased for ceding premiums paid in the period;
- b. increased for broker fees paid in the period; and
- c. decreased for the expected amounts of ceding premiums and broker fees recognised as reinsurance expenses for the services received in the period

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3. Significant accounting policies (continued)

3.2 Changes in accounting policies (continued)

3.2.1 IFRS 17 (continued)

v. Measurement (continued)

On initial recognition of each group of contracts, the Company expects that the time between providing each part of the coverage and the related premium due date is no more than a year.

Accordingly, for Casualty, Engineering, General Accident, Marine, Protection and Property group of contracts, the liability for remaining coverage is discounted to reflect the time value of money and the effect of financial risk. For all other group of contracts, there is no allowance for time value of money as the premiums are received within one year of the coverage period.

The Company estimates the liability for incurred claims as the fulfilment cash flows related to incurred claims. Fulfilment cash flows comprise estimates of future cash flows, an adjustment to reflect the time value of money and the financial risks related to future cash flows, to the extent that the financial risks are not included in the estimates of future cash flows, and a risk adjustment for non-financial risk.

The Company's objective in estimating future cash flows is to determine the expected value of a range of scenarios that reflects the full range of possible outcomes. The cash flows from each scenario are discounted and weighted by the estimated probability of that outcome to derive an expected present value. If there are significant interdependencies between cash flows that vary based on changes in market variables and other cash flows, then the Company uses stochastic modelling techniques to estimate the expected present value. Stochastic modelling involves projecting future cash flows under a large number of possible economic scenarios for market variables such as interest rates and equity returns. The determination of the discount rate that reflects the characteristics of the cash flows and liquidity characteristics of the insurance contracts requires significant judgement and estimation, which are covered in Note 3.3.

The fulfilment cash flows are adjusted for the time value of money and the effect of financial risk (using current estimates) if the liability for incurred claims is also adjusted for the time value of money and the effect of financial risk.

Some insurance contracts permit the Company to sell (usually damaged) assets acquired in settling a claim (for example, salvage). The Company may also have the right to pursue third parties for payment of some or all costs (for example, subrogation).

Estimates of salvage recoveries are included as an allowance in the estimates of claims liability. The allowance is the amount that can reasonably be recovered from the disposal of the asset.

Onerous contract assessment:

If at any time during the coverage period, facts and circumstances indicate that a group of contracts is onerous, then the Company recognises a loss in insurance service expense and increases the liability for remaining coverage to the extent that the current estimates of the fulfilment cash flows, determined under the GMM, that relate to remaining coverage (including the risk adjustment for non-financial risk) exceed the carrying amount of the liability for remaining coverage. A loss component will be established for the amount of the loss recognised. Subsequently, the loss component will be remeasured at each reporting date as the difference between the amounts of the fulfilments cash flows determined under the GMM relating to the future service and the carrying amount of the LRC without the loss component.

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3. Significant accounting policies (continued)

3.2 Changes in accounting policies (continued)

3.2.1 IFRS 17 (continued)

v. Measurement (continued)

Where the Company recognises a loss on initial recognition of an onerous group of underlying insurance contracts or when further onerous underlying insurance contracts are added to a group, the Company establishes a loss-recovery component of the asset for remaining coverage for a group of reinsurance contracts held depicting the recovery of losses. The Company calculates the loss-recovery component by multiplying the loss recognised on the underlying insurance contracts and the percentage of claims on the underlying insurance contracts the Company expects to recover from the group of reinsurance contracts held. The loss-recovery component adjusts the carrying amount of the asset for remaining coverage.

When underlying insurance contracts are included in the same group with insurance contracts issued that are not reinsured, the Company applies a systematic and rational method of allocation to determine the portion of losses that relates to underlying insurance contracts.

Non-performance risk (NPR) adjustment

The Company measures the estimates of the present value of future cash flows using assumptions that are consistent with those used to measure the estimates of the present value of future cash flows for the underlying insurance contracts, with an adjustment for any risk of non-performance by the reinsurer. The effect of the non-performance risk of the reinsurer is assessed at each reporting date and the effect of changes in the non-performance risk is recognised in profit or loss.

vi. De-recognition and contract modification

The Company derecognises a contract when it is extinguished i.e. when the specified obligations in the contract expire or are discharged or cancelled. The Company also derecognises a contract if its terms are modified in a way that would have changed the accounting for the contract significantly had the new terms always existed, in which case a new contract based on the modified terms is recognised. If a contract modification does not result in derecognition, then the Company treats the changes in cash flows caused by the modification as changes in the estimates of fulfilment cash flows. There were no instances of modification or derecognition identified during the nine-month period ended 30 September 2023.

vii. Acquisition & Attributable Cost

Insurance acquisition cash flows are the costs that directly associated with selling and handling acquired businesses. The company considers underwriting, sales, and regulatory levies as acquisition costs. Acquisition costs are not expensed when incurred and are deferred over the life of the insurance contract. While attributable costs are the costs that can fully or partially attributed to the insurance operations. The company has in place allocation technique to allocate the costs and are deferred over the life of the insurance contract. Both acquisition and attributable costs fall under the insurance service expense. While the non-attributable costs are reported under other operating expenses.

viii. Risk adjustments for non-financial risk

The Company has decided to use Mack method for the calculation of risk adjustment percentage using 75th percentile for motor and medical portfolios. However, for other portfolios due to insufficient data company has relied on experience judgement of Appointed Actuary and have used suggested percentage for risk adjustment.

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3. Significant accounting policies (continued)

3.2 Changes in accounting policies (continued)

3.2.1 IFRS 17 (continued)

ix. Presentation

Groups of insurance contracts that are assets and those that are liabilities, and groups of reinsurance contracts that are assets and those that are liabilities, are presented separately in the statement of financial position. The Company recognised in the statement of income (a) an insurance service result, comprising insurance revenue and insurance service expenses, and (b) insurance finance income or expenses.

The Company does not disaggregate changes in the risk adjustment for non-financial risk between the insurance service result and insurance finance income or expenses. All changes in the risk adjustment for non-financial risk are included in the insurance service result.

Insurance revenue

The insurance revenue for each period is the amount of expected premium receipts for providing coverage in the period. The Company allocates the expected premium receipts to each period on the passage of time.

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.

For contracts measured under the PAA, amortisation of insurance acquisition cash flows is based on the passage of time.

Net expenses from reinsurance contracts:

Net expenses from reinsurance contracts comprise reinsurance expenses less amounts recovered from reinsurers. The Company recognises reinsurance expenses as it receives coverage or other services under groups of reinsurance contracts. For contracts measured under the PAA, the Company recognises reinsurance expenses based on the passage of time over the coverage period of a group of contracts.

Income and expenses from reinsurance contracts are presented separately from income and expenses from insurance contracts. Income and expenses from reinsurance contracts, other than insurance finance income or expenses, are presented on a net basis as 'net expenses from reinsurance contracts' in the insurance service result.

Ceding commissions that are not contingent on claims of the underlying contracts issued reduce ceding premiums and are accounted for as part of reinsurance expenses. Ceding commissions that are contingent on claims of the underlying contracts issued reduce incurred claims recovery.

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3. Significant accounting policies (continued)

3.2 Changes in accounting policies (continued)

3.2.1 IFRS 17 (continued)

ix. Presentation (continued)

Insurance finance income and expenses:

Insurance finance income and expenses comprise changes in the carrying amounts of groups of insurance and reinsurance contracts arising from the effects of the time value of money, financial risk, and changes therein.

The Company includes all insurance finance income or expenses for the period in profit or loss.

x. Changes to classification, recognition and measurement

The measurement principles of the PAA differ from the 'earned premium approach' used by the Company under IFRS 4 in the following key areas:

- **Deferral of acquisition costs** – Under IFRS 17, insurance acquisition cash flows are costs directly attributable to selling or underwriting a portfolio of insurance contracts. The Company has elected to capitalise and amortise these costs over the coverage period based on the passage of time for all groups of contracts.
- **Discount rate** – Under IFRS 17, the liability for incurred claims is discounted at a rate that reflects the characteristics of the liabilities and the duration of each portfolio. The Company has established discount yield curves using risk-free rates adjusted to reflect the appropriate illiquidity characteristics of the applicable insurance contracts. Under IFRS 4, claims liabilities were discounted using a rate that reflected the estimated market yield of the underlying assets backing these claims liabilities at the reporting date.
- **Risk Adjustment** -Under IFRS 17, the liability for incurred claims includes an explicit risk adjustment for non-financial risk ("risk adjustment"), which replaces the risk margin under IFRS 4. The IFRS 4 risk margin reflected the inherent uncertainty in the net discounted claim liabilities estimates, whereas the IFRS 17 risk adjustment is the compensation required for bearing the uncertainty that arises from non-financial risk.
- **Onerous contracts** – IFRS 17 requires the identification of groups of onerous contracts at a more granular level than the liability adequacy test performed under IFRS 4. For onerous contracts, the loss component based on projected profitability is recognized immediately in Net income, resulting in earlier recognition compared to IFRS 4.

xi. Changes to presentation and disclosure

Statement of financial position

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

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

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3. Significant accounting policies (continued)**3.2 Changes in accounting policies (continued)****3.2.1 IFRS 17 (continued)****xi. Changes to presentation and disclosure (continued)**

Line items under IFRS 17	Line items under IFRS 4, now combined under one line item under IFRS 17
Insurance contract liabilities	Unearned premium reserves Premiums and Insurer's receivables Provision for doubtful debts on Premiums and Insurer's receivables Deferred acquisition costs Surplus distribution payable Accounts payables Outstanding claims Claims incurred but not reported Other technical reserves
Reinsurance contract assets	Reinsurer's share of unearned premiums Unearned reinsurance commission Reinsurance premium payable Reinsurer's share of outstanding claims Reinsurer's share of claims incurred but not reported Reinsurer's share of other technical reserves Receivables from reinsurance companies Provision for doubtful debts on reinsurance receivables

Statements of income

The line item descriptions in the statement of income have been changed significantly compared to presentation in the latest annual financial statements.

Insurance revenue under IFRS 17 includes gross written premium, gross movement in unearned premiums and expected credit losses on policy holders.

Insurance service expense under IFRS 17 includes gross claims paid, changes in outstanding claims, changes in incurred but not reported claims, changes in loss component, policy acquisition costs, attributable expenses and the impact of release in the risk adjustment. The changes in additional premium reserve is eliminated and instead changes in loss component is taken.

Net income / (expenses) from reinsurance contracts held under IFRS 17 includes reinsurance premium ceded, changes in reinsurer's share of unearned premiums, reinsurance commission earned, reinsurance share of paid claims, reinsurance share of outstanding claims, reinsurance share of changes in claims incurred but not reported, change in reinsurance accrual reserve, expected credit losses on reinsurance receivables and the impact of loss adjustment the risk adjustment for non-financial risk.

Insurance service results are presented without the impact of discount unwinding and changes in discount rates which are shown separately under Net insurance financial result in Net income.

IFRS 17 resulted in presentation changes to IFRS 4's underwriting expenses since expenses are classified either as insurance acquisition cash flows and fulfilment cash flows within insurance service expense or as other expenses when they are not directly attributable to insurance contracts. As a result, a portion of expenses classified as underwriting expenses under IFRS 4 are now presented as other expenses under IFRS 17 in the line Other operating expense.

The following previously reported line items are no longer disclosed: direct premiums written, net earned premiums, net claims incurred, and underwriting expenses.

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3. Significant accounting policies (continued)

3.2 Changes in accounting policies (continued)

3.2.2 IFRS 9

IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement and is effective for annual periods beginning on or after 1 January 2018. 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. The nature of the changes in accounting policies can be summarised, as follows:

3.2.2.1 Financial assets and liabilities

i. Initial recognition

At initial recognition, the Company measures financial assets at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transactions costs that are directly attributable to the acquisition of financial asset. Transaction cost of financial assets carried at fair value through profit or loss are expensed in profit or loss. Immediately after initial recognition, an expected credit loss ("ECL") allowance is recognised for financial assets measured at amortised cost and investments measured at FVOCI.

When the fair value of financial assets and liabilities differs from the transaction price on initial recognition, the entity recognises the difference as follows:

- a. When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (that is, a Level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognised as a gain or loss.
- b. In all other cases, the difference is deferred and the timing of recognition of deferred day one profit or loss is determined individually. It is either amortised over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement.

Amortised cost and effective interest rate

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective profit method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortised cost before any impairment allowance) or to the amortised cost of a financial liability. The calculation does not consider expected credit losses and includes transaction costs, contributions or discounts and fees and points paid or received that are integral to the effective profit rate, such as origination fees.

Interest income is recognised using the effective profit rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit impaired, profit income is recognised by applying the effective interest rate to the net carrying value of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

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3. Significant accounting policies (continued)

3.2 Changes in accounting policies (continued)

3.2.2 IFRS 9 (continued)

3.2.2.1 Financial assets and liabilities (continued)

ii. Classification and subsequent measurement of financial assets

The Company classifies its financial assets in the following measurement categories:

- Fair value through profit or loss (FVTPL);
- Fair value through Other Comprehensive Income (FVOCI)
- Held at amortised cost.

The classification requirements for debt and equity instruments are described below:

Debt instruments

Classification and subsequent measurement of debt instruments depend on:

- (i) the Company's business model for managing the financial assets; and
- (ii) the contractual cash flow characteristics of the financial assets.

Business model:

The business model reflects how the Company manages the assets in order to generate cash flows. That is, whether the Company's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVTPL.

Factors considered by the Company in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated. For example, the liquidity portfolio of assets, which is held by the Company as part of liquidity management and is generally classified within the hold to collect and sell business model. Securities held for trading are held principally for the purpose of selling in the near term or are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. These securities are classified in the 'other' business model and measured at FVTPL.

Solely payments of principal and profit:

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Company assesses whether the financial instruments' cash flows represent solely payments of principal and profit. In making this assessment, the Company considers whether the contractual cash flows are consistent with the financing agreement i.e. profit includes only consideration for the time value of resources, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FVTPL.

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3. Significant accounting policies (continued)

3.2 Changes in accounting policies (continued)

3.2.2 IFRS 9 (continued)

3.2.2.1 Financial assets and liabilities (continued)

ii. Classification and subsequent measurement of financial assets (continued)

Debt instruments (continued)

The Company exercises judgment in determining whether the contractual terms of financial assets it originates or acquires give rise on specific dates to cash flows that are solely payments of principal and profit income on the principal outstanding and so may qualify for amortised cost measurement. In making the assessment the Company considers all contractual terms, including any prepayment terms or provisions to extend the maturity of the assets, terms that change the amount and timing of cash flows and whether the contractual terms contain leverage.

Based on these factors, the Company classifies its debt instruments into one of the following three measurement categories:

Amortised cost:

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and profit, and that are not designated at FVTPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised. Profit income from these financial assets is included in 'Interest income' using the effective profit method.

Fair value through other comprehensive income ("FVOCI"):

Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and profit, and that are not designated at FVTPL, are designated as FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, special interest income and foreign exchange gains and losses on the instrument's amortised cost which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss. Profit income from these financial assets is included in 'Interest income' using the effective profit method. Currently no debt instrument is classified as FVOCI.

Fair value through 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 presented in profit or loss in the period in which it arises. Currently investment in mutual funds and Sukuk which failed SPPI assessment are classified as FVTPL.

The Company reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are not expected to be frequent and no such instances have occurred during the nine-month period ended 30 September 2023.

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3. Significant accounting policies (continued)

3.2 Changes in accounting policies (continued)

3.2.2 IFRS 9 (continued)

3.2.2.1 Financial assets and liabilities (continued)

ii. Classification and subsequent measurement of financial assets (continued)

Equity instruments:

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets. Examples of equity instruments include basic ordinary shares.

The Company classifies all equity investments at FVTPL, except where the Company's management has elected, at initial recognition, to irrevocably designate an equity investment at FVOCI. The Company's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to generate investment returns. When this election is used, transaction costs are made part of the cost at initial recognition and subsequent fair value gains and losses (unrealized) are recognized in OCI and are not subsequently reclassified to profit or loss, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value.

Dividends, when representing a return on such investments, continue to be recognized in the statement of income as 'Dividend income' when the Company's right to receive payments is established. Currently all equity securities are designated as FVOCI.

Any gain or loss on the disposal of equity classified as FVOCI will be non-recycling i.e. on disposal, fair value movement residing in OCI will be moved directly from OCI to retained earnings.

iii. Impairment of financial assets

The Company assesses on a forward-looking basis the ECL associated with its financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Premiums receivable balances have been classified under insurance contract liabilities and the reinsurers' receivable balances and reinsurers' share of outstanding claims and claims incurred but not reported have been classified under reinsurance contract assets, as rights and obligations under insurance contracts are accounted for under IFRS 17 because the policyholder transfers significant insurance risk to the insurer rather than financial risk, which are in the scope of IFRS 17 for impairment.

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3. Significant accounting policies (continued)

3.2 Changes in accounting policies (continued)

3.2.2 IFRS 9 (continued)

3.2.2.1 Financial assets and liabilities (continued)

iii. Impairment of financial assets (continued)

The Company applies the three-stage model for impairment of financial assets measured at amortised cost and FVOCI, based on changes in credit quality since initial recognition.

Stage 1 ("Performing") includes financial assets that have not had a significant increase in credit risk since initial recognition or that have low credit risk at the reporting date. For these financial assets, 12-month expected credit losses ("ECL") are recognised and financial income is calculated on the gross carrying amount of the asset (that is, without deduction for credit allowance). A 12-month ECL is the ECL that results from default events that are possible within 12-months after the reporting date. It is not the expected cash shortfalls over the 12-month period but the entire credit loss on an asset, weighted by the probability that the loss will occur in the next 12-months.

Stage 2 ("Under-performing") includes financial assets that have had a significant increase in credit risk since initial recognition, but do not have objective evidence of impairment. A significant increase in credit risk is presumed if a receivable is more than 30 days past due. For these financial assets, lifetime ECL are recognised, but financial income is still calculated on the gross carrying amount of the asset. Lifetime ECL is the ECL that results from all possible default events over the maximum contractual period during which the Company is exposed to credit risk. ECL is the weighted average credit losses, with the respective risks of a default occurring as the weights.

Stage 3 ("Non-performing") includes financial assets that have objective evidence of impairment at the reporting date. A default on a financial asset is when the counterparty fails to make contractual payments within 90 days of when they fall due. For these financial assets, lifetime ECL are recognised and financial income is calculated on the net carrying amount (that is, net of credit allowance).

The Company, when determining whether the credit risk on a financial asset has increased significantly, considers reasonable and supportable information available (e.g. days past due, customer credit scoring etc.), in order to compare the risk of a default occurring at the reporting date with the risk of a default occurring at initial recognition of the financial asset. Financial assets are written-off only when there is no reasonable expectation of recovery. Where financial assets are written-off, the Company continues to engage enforcement activities to attempt to recover the receivable due. Recoveries made, after write-off, are recognized in profit or loss. Impairment losses on financial assets are presented separately on the statement of income.

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3. Significant accounting policies (continued)

3.2 Changes in accounting policies (continued)

3.2.2 IFRS 9 (continued)

3.2.2.1 Financial assets and liabilities (continued)

iv. Derecognition of financial assets

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either (i) the Company transfers substantially all the risks and rewards of ownership, or (ii) the Company neither transfers nor retains substantially all the risks and rewards of ownership and the Company has not retained control.

The Company enters into transactions where it retains the contractual rights to receive cash flows from assets but assumes a contractual obligation to pay those cash flows to other entities and transfers substantially all of the risks and rewards.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in statement of income.

v. Classification and subsequent measurement of financial liabilities

All financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are recognized initially at fair value less any directly attributable transaction cost. Subsequent to initial recognition, these are measured at amortized cost using the effective profit method.

vi. Derecognition of financial liabilities

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires). Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in the statement of income.

3.2.2.2 Changes to classification and measurement

To determine their classification and measurement category, IFRS 9 requires all financial assets to be assessed based on a combination of the Company's business model for managing the assets and the instruments' contractual cash flow characteristics.

The IAS 39 measurement categories for financial assets (fair value through profit or loss (FVPL), available for sale (AFS), held-to-maturity (HTM) and loans and receivables (L&R) at amortised cost) have been replaced by:

- Financial assets at fair value through profit or loss, including equity instruments and derivatives;
- Debt instruments at fair value through other comprehensive income, with gains or losses recycled to profit or loss on derecognition;
- Equity instruments at fair value through other comprehensive income, with no recycling of gains or losses to profit or loss on derecognition (not used by the Company); and
- Debt instruments at amortised cost.

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3. Significant accounting policies (continued)

3.2 Changes in accounting policies (continued)

3.2.2 IFRS 9 (continued)

3.2.2.2 Changes to classification and measurement (continued)

IFRS 9 largely retains the requirements in IAS 39 for the classification and measurement of financial liabilities. However, under IAS 39 all fair value changes of financial liabilities designated as at FVTPL are recognised in the statement of income, whereas under IFRS 9 these fair value changes will generally be presented as follows:

- The amount of the change in the fair value that is attributable to changes in the credit risk of the liability will be presented in Other Comprehensive Income (OCI);
- The remaining amount of the change in the fair value is presented in the statement of income.

The Company has applied IFRS 9 retrospectively and restated comparative information for 2022 for financial instruments in the scope of IFRS 9. Differences arising from the adoption of IFRS 9 were recognised in retained earnings as of January 1, 2022. There is no impact expected on financial liabilities as a result of transition to IFRS 9.

3.2.2.3 Changes to the impairment calculation

Under IFRS 9, the Expected credit loss ("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 statement of financial position 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.

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 to present value.

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.

Forward looking estimate: While estimating the ECL, the Company will review macro-economic developments occurring in the economy and market it operates in. On a periodic basis, the Company will analyze the relationship between key economic trends with the estimate of PD.

IFRS 9 impairment applies to financial instruments that are not measured at Fair value through profit or loss (FVTPL). Equity instruments measured at FVOCI are also excluded from the purview of impairment. Financial assets that are subject to impairment consist of investment portfolio (debt instruments) and cash and cash equivalents.

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3. Significant accounting policies (continued)

3.3 Critical accounting judgments, estimates and assumptions

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

In preparing this interim condensed financial information, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty including the risk management policies were the same as those that applied to the annual financial statements as at and for the year ended 31 December 2022, except for Points (i) to (vi) below, which changed upon adoption of IFRS 17 and IFRS 9.

Following are the accounting judgments and estimates that are critical in preparation of this interim condensed financial information:

(i) Estimates of future cash flows to fulfil insurance contracts

In estimating future cash flows, the Company incorporates, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort at the reporting date. This information includes both internal and external historical data about claims and other experiences, updated to reflect current expectations of future events. The estimates of future cash flows reflect the Company's view of current conditions at the reporting date, as long as the estimates of any relevant market variables are consistent with observable market prices.

The estimates of these future cash flows are based on probability-weighted expected future cash flows. The Company estimates which cash flows are expected and the probability that they will occur as at the measurement date. In making these expectations, the Company uses information about past events, current conditions and forecasts of future conditions. The Company's estimate of future cash flows is the mean of a range of scenarios that reflect the full range of possible outcomes. Each scenario specifies the amount, timing and probability of cash flows. The probability-weighted average of the future cash flows is calculated using a deterministic scenario representing the probability-weighted mean of a range of scenarios.

When estimating future cash flows, the Company takes into account current expectations of future events that might affect those cash flows. However, expectations of future changes in legislation that would change or discharge a present obligation or create new obligations under existing contracts are not taken into account until the change in legislation is substantively enacted. The Company derives cost inflation assumptions from the difference between the yields on nominal and inflation-linked government bonds. Cash flows within the boundary of a contract relate directly to the fulfilment of the contract, including those for which the Company has discretion over the amount or timing. These include payments to (or on behalf of) policyholders, insurance acquisition cash flows and other costs that are incurred in fulfilling contracts.

Insurance acquisition cash flows arise from the activities of selling, underwriting and starting a group of contracts that are directly attributable to the portfolio of contracts to which the group belongs. Other costs that are incurred in fulfilling the contracts include claims handling, maintenance and administration costs, and recurring commissions payable on instalment premiums receivable within the contract boundary. Insurance acquisition cash flows and other costs that are incurred in fulfilling contracts comprise both direct costs and an allocation of fixed and variable overheads. Cash flows are attributed to acquisition activities, other fulfilment activities and other activities at local entity level using activity-based costing techniques. Cash flows attributable to acquisition and other fulfilment activities are allocated to groups of contracts using methods that are systematic and rational and are consistently applied to all costs that have similar characteristics. Other costs are recognised in profit or loss as they are incurred.

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3. Significant accounting policies (continued)

3.3 Critical accounting judgments, estimates and assumptions (continued)

(i) Estimates of future cash flows to fulfil insurance contracts (continued)

Where estimates of expenses-related cash flows are determined at the portfolio level or higher, they are allocated to groups of contracts on a systematic basis. The Company has determined that this method results in a systematic and rational allocation. Similar methods are consistently applied to allocate expenses of a similar nature. Expenses of an administrative policy maintenance nature are allocated to groups of contracts based on the number of contracts in force within groups. The Company performs regular expense studies to determine the extent to which fixed and variable overheads are directly attributable to fulfill the insurance contracts.

(ii) Discounting methodology

Discount rates are primarily used to adjust the estimates of future cash flows to reflect the time value of money and other financial risks to accrete interest on the liability for incurred claims.

The bottom-up approach was used to derive the discount rate. Under this approach, the USD based risk free discount rates by The European Insurance and Occupational Pensions Authority (EIOPA) were used as a starting point for preparing the yield curve. The Company then further added a KSA country risk premium from the source to make the yield curve appropriate for application. The Company used the USD volatility adjustment reported by EIOPA for Solvency II as a proxy for illiquidity premium.

The Company had discounted the liability for incurred claims for all groups of insurance contracts.

(iii) Risk adjustments for non-financial risks

The Company adjusted the estimate of the present value of the future cashflows to reflect the compensation that the entity requires for bearing the uncertainty about the amount and timing of the cashflows that arises from non-financial risk. So, the purpose of the risk adjustment for non-financial risk is to measure the effect of uncertainty in the cashflows that arise from insurance contracts, other than uncertainty arising from financial risk.

The risks covered by the risk adjustment for non-financial risk are insurance risk and other non-financial risks such as lapse risk and expense risk.

The Company adopted the PAA simplification for the calculation of liability for remaining coverage. Therefore, risk adjustment for liability for remaining coverage will only be estimated in case a group of contracts is recognized as onerous.

There is no prescribed approach for determining the risk adjustment for non-financial risk for each group of insurance contracts. Applying a confidence level technique, the Company estimates the probability distribution of the expected present value of the future cash flows from insurance contracts at each reporting date and calculates the risk adjustment for non-financial risk as the excess of the value at risk at the 75th percentile (the target confidence level) over the expected present value of the future cash flows.

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3. Significant accounting policies (continued)

3.3 Critical accounting judgments, estimates and assumptions (continued)

(iv) Onerosity determination

Under the PAA, the Company assumed no contracts in the portfolio are onerous at initial recognition unless “facts and circumstances” indicate otherwise. The Company performed the assessment of onerous contracts on an annual and underwriting year basis, in conjunction with updated information on product profitability. Furthermore, the assessment shall be repeated if “facts and circumstances” indicate that there are significant changes in product pricing, product design, plans and forecasts. This level of granularity determines sets of contracts. The Company uses significant judgement to determine at what level of granularity the Company has reasonable and supportable information that is sufficient to conclude that all contracts within a set are sufficiently homogeneous and will be allocated to the same group without performing an individual contract assessment.

The Company established a process to determine onerous, potentially onerous and profitable contracts by assessing the profitability of the different portfolios at the start of the underwriting year. The profitability of each portfolio shall be assessed separately. Refer Note 3.2.1 (v) for further details in this regard.

(v) Estimates for expected premium receipts

The Company has developed a methodology for expected premium receipts based on provision matrix approach. Such balances have been reclassified to insurance contract liabilities in line with the requirements of IFRS 17. To measure the estimates, such balances have been grouped based on shared credit risk characteristics for respective policyholder base portfolio and the days past due. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors, affecting the ability of the customers to settle the receivables. The Company has identified the Gross domestic product and the inflation rate of the country in which it operates to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

(vi) Fair value of financial instruments

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Company uses its judgement to select a variety of methods and to make assumptions that are mainly based on market conditions existing at the end of each reporting period.

(vii) Impairment of goodwill

The Company's management tests, at each reporting date, whether goodwill arising on merger has suffered any impairment. This requires an estimation of the recoverable amount of the cash generating unit (“CGU”) to which goodwill has been allocated. The key assumptions used in determining the recoverable amounts are set out in Note 9.

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4. Impact of adoption of new accounting standards

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

4.1 IFRS 17

On transition to IFRS 17, the Company has applied the full retrospective approach to all insurance contracts issued and reinsurance contracts held. Therefore, on transition date, 1 January 2022, the Company:

- has identified, recognised and measured each group of insurance contracts as if IFRS 17 had always applied;
- derecognised any existing balances that would not exist had IFRS 17 always applied; and
- recognised any resulting net difference in equity.

The impact on total equity, total assets and total liabilities as at 1 January 2023 and 1 January 2022, arising from actuarial risk adjustment, discounting, loss component adjustment and estimates for expected premium receipts, is as disclosed in the following table. The overall decrease in net equity is principally on account of change in methodology for computing loss component adjustment under IFRS 17 requirements as compared to premium deficiency reserve under IFRS 4. Also see Note 3.2.1(x) for details regarding the methodology and assumptions used to determine such adjustments.

	1 January 2023	1 January 2022
Increase (reduction) in the Company's total equity		
Change in measurement of reinsurance contract assets (Note 4.1.1)	3,074,833	9,592,966
Change in measurement of insurance contract liabilities (Note 4.1.2)	(17,721,619)	(56,760,320)
Impact of adoption of IFRS 17 on accumulated losses and total equity	(14,646,786)	(47,167,354)
4.1.1		
(Reduction) increase in the Company's total assets		
Risk adjustment	5,286,900	10,074,621
Discounting	(1,997,771)	(238,155)
Estimates for expected recoveries from reinsurer	(214,296)	(243,500)
Impact of adoption of IFRS 17 on total assets	3,074,833	9,592,966
4.1.2		
(Increase) reduction in the Company's total liabilities		
Loss component	(9,650,501)	(40,646,364)
Risk adjustment	(8,577,299)	(16,375,595)
Discounting	3,441,981	1,090,627
Estimates for expected premium receipts	(2,935,800)	(828,988)
Impact of adoption of IFRS 17 on total liabilities	(17,721,619)	(56,760,320)

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4. Impact of adoption of new accounting standards (continued)**4.1 IFRS 17 (continued)**

The impact on the net loss for the three-month and nine-month periods ended 30 September 2022 attributable to the shareholders, arising from actuarial risk adjustment, discounting, loss component adjustment and estimates for expected premium receipts recomputed for premiums receivable, reinsurers' receivable, reinsurers' share of outstanding claims and claims incurred but not reported, in line with the requirements of IFRS 17, is as follows:

	Three-month period ended 30 September 2022 (Unaudited)
Reduction (increase) in the Company's net loss	
Loss component	9,466,258
Risk adjustment	9,126,372
Discounting	684,939
Reinsurers' share of risk adjustment	(5,735,631)
Reinsurers' share of discounting	723,989
Estimates for expected premium receipts	(1,694,886)
Estimates for expected recoveries from reinsurer	195,190
Impact of adoption of IFRS 17 on net loss	12,766,231
	Nine-month period ended 30 September 2022 (Unaudited)
Reduction (increase) in the Company's net loss	
Loss component	23,467,125
Risk adjustment	12,022,727
Discounting	2,940,298
Reinsurers' share of risk adjustment	(9,131,960)
Reinsurers' share of discounting	(356,865)
Estimates for expected premium receipts	(5,385,405)
Estimates for expected recoveries from reinsurer	190,228
Impact of adoption of IFRS 17 on net loss	23,746,148

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4. Impact of adoption of new accounting standards (continued)

4.2 IFRS 9

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied using a full retrospective approach. The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application:

- the determination of the business model within which a financial asset is held;
- the designation and revocation of previous designated financial assets as measured at FVTPL. This category includes financial assets that were previously designated as held for trading, sukuks having perpetual maturity and those that were classified as available for sale;

A reconciliation between the carrying amounts under IAS 39 and the balances reported under IFRS 9 as of the date of application i.e. January 1, 2023 and 2022 is, as follows:

	Original classification under IAS 39	New classification under IFRS 9	Original carrying value under IAS 39 As at 1 January 2023	New carrying value under IFRS 9	Impact of ECL and change in classification
Financial assets					
Cash and cash equivalents	Amortised cost	Amortised cost	222,966,665	222,966,665	-
Investments					
- Mutual funds	Available for sale at fair value ("AFS")	FVTPL	20,892,516	20,892,516	-
- Ordinary shares	AFS	FVTPL	29,461,938	29,461,938	-
- Ordinary shares	AFS	FVOCI	1,923,080	39,703,127	37,780,047*
Short-term deposit	Amortised cost	Amortised cost	127,000,000	127,000,000	-
Statutory Deposit	Amortised cost	Amortised cost	21,000,000	21,000,000	-
Loans and receivables	Amortised cost	Amortised cost	21,807,993	21,807,993	-
Other receivables			445,052,192	482,832,239	37,780,047
	Original classification under IAS 39	New classification under IFRS 9	Original carrying value under IAS 39 As at 1 January 2022	New carrying value under IFRS 9	Impact of ECL and change in classification
Financial assets					
Cash and cash equivalents	Amortised cost	Amortised cost	288,218,253	288,218,253	-
Investments					
- Mutual funds	FVTPL	FVTPL	57,191,850	57,191,850	-
- Ordinary shares	AFS	FVTPL	30,122,486	30,122,486	-
- Ordinary shares	AFS	FVOCI	1,923,080	37,032,560	35,109,480*
Long-term deposit	Amortised cost	Amortised cost	86,250,000	86,250,000	-
Statutory Deposit	Amortised cost	Amortised cost	40,000,000	40,000,000	-
Loans and receivables	Amortised cost	Amortised cost	8,859,451	8,859,451	-
Other receivables			512,565,120	547,674,600	35,109,480

* Includes impact of revaluation of investments in Najm. Refer Note 8 for further details in this regard. At 1 January 2023 and 2022, the ECL allowance on the financial assets was immaterial.

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4. Impact of adoption of new accounting standards (continued)

4.2 IFRS 9 (continued)

Most of the financial assets that were classified as loan and receivables and amortised cost under IAS 39 continues to be measured at amortised costs under IFRS 9 since these form part of business model hold to collect contractual cash flows which are SPPI. Financial assets held for trading continue to be measured at fair value through profit or loss and as such there was no impact on transition.

The impact on opening fair value reserve and opening accumulated losses, as at 1 January 2023 and 2022, is as follows:

	Impact on opening accumulated losses	Impact on opening fair value reserve
Adjustment to opening fair value reserve under IFRS 9		
- Reclassification of investments from AFS to FVTPL – Ordinary shares	(4,060,641)	4,060,641
- Revaluation of najm investments (Refer Note 8)	-	37,780,047
Impact of initial application of IFRS 9 as at 1 January 2023	(4,060,641)	41,840,688

	Impact on opening accumulated losses	Impact on opening fair value reserve
Adjustment to opening fair value reserve under IFRS 9		
- Reclassification of investments from AFS to FVTPL – Ordinary shares	6,944,730	(6,944,730)
- Revaluation of najm investments (Refer Note 8)	-	35,109,480
- Reversal of impairment on najm investments	1,478,652	-
Impact of initial application of IFRS 9 as at 1 January 2022	8,423,382	28,164,750

The impact on the net loss and other comprehensive income for the three-month and nine-month periods ended 30 September 2022 upon adoption of IFRS 9, is as follows:

	Impact on opening accumulated losses	Impact on opening fair value reserve
Adjustment to opening fair value reserve under IFRS 9		
- Reclassification of investments from AFS to FVTPL – Ordinary shares	1,022,219	(1,022,219)
Impact of initial application of IFRS 9 for the three-month period 30 September 2022	1,022,219	(1,022,219)
	Impact on opening accumulated losses	Impact on opening fair value reserve
Adjustment to opening fair value reserve under IFRS 9		
- Reclassification of investments from AFS to FVTPL – Ordinary shares	(10,241,322)	10,241,322
Impact of initial application of IFRS 9 for the nine-month period 30 September 2022	(10,241,322)	10,241,322

Furthermore, the classification of financial liabilities has changed from 'Other financial liabilities at amortised cost' as per IAS 39 to 'amortised cost' as per IFRS 9, with no corresponding change in carrying value of such financial liabilities.

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4. Impact of adoption of new accounting standards (continued)**4.3 Overall impact on transition to IFRS 17 and IFRS 9**

	Impact on opening accumulated losses	Impact on opening fair value reserve
Increase (decrease) on transition to:		
- IFRS 17 (see note 4.1)	(14,646,786)	-
- IFRS 9 (see note 4.2)	(4,060,641)	41,840,688
Impact of adoption of IFRS 17 and IFRS 9 as at 1 January 2023	(18,707,427)	41,840,688
	Impact on opening accumulated losses	Impact on opening fair value reserve
Increase (decrease) on transition to:		
- IFRS 17 (see note 4.1)	(47,167,354)	-
- IFRS 9 (see note 4.2)	8,423,382	28,164,750
Impact of adoption of IFRS 17 and IFRS 9 as at 1 January 2022	(38,743,972)	28,164,750
	Impact on net loss	Impact on other comprehensive income
Increase (decrease) on transition to:		
- IFRS 17 (see note 4.1)	12,766,231	-
- IFRS 9 (see note 4.2)	1,022,219	(1,022,219)
Impact of adoption of IFRS 17 and IFRS 9 for three- month period ended 30 September 2022	13,788,450	(1,022,219)
	Impact on net loss	Impact on other comprehensive income
Increase (decrease) on transition to:		
- IFRS 17 (see note 4.1)	23,746,148	-
- IFRS 9 (see note 4.2)	(10,241,322)	10,241,322
Impact of adoption of IFRS 17 and IFRS 9 for nine- month period ended 30 September 2022	13,504,826	10,241,322

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5. Information related to product lines

Results of product lines do not include general and administration expenses, allowances for doubtful debts, investment and commission income, realized gain (loss) on investments and other income.

Product lines' assets do not include cash and cash equivalents, prepaid expenses and other assets, term deposits, property and equipment, right-of-use assets, intangible assets, goodwill, statutory deposit, accrued income on statutory deposit. Accordingly, they are included in unallocated assets.

Product lines' liabilities do not include accrued and other liabilities, lease liabilities, employee benefit obligations, zakat and income tax, surplus distribution payable, accrued commission income payable to SAMA. Accordingly, they are included in unallocated liabilities.

The Company's information is presented into business units based on their products and services in the following product lines:

- Medical;
- Motor Comprehensive ;
- Motor Third party ;
- Engineering;
- Property;
- General Accident;
- Marine Cargo; and
- Marine Hull.

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5. Information related to product lines (continued)

30 September 2023 (Unaudited)	Motor					General Accident	Marine Cargo	Marine Hull	Total	Shareholders' operations	Total
Assets	Medical Comprehensive	Motor	Third party	Engineering	Property						
Reinsurance contract assets	6,557,186	341,854	154,032	9,023,664	23,226,761	3,710,058	-	1,021,279	44,034,834	-	44,034,834
Insurance contract assets	-	-	-	-	-	-	-	-	-	-	-
Unallocated assets	-	-	-	-	-	-	-	-	-	-	-
Total assets								280,806,794	533,723,202	252,916,408	577,758,036
								324,841,628			
Liabilities											
Insurance contract liabilities	123,591,885	61,622,370	60,458,383	9,964,184	29,732,996	24,139,509	899,349	279,729	310,688,405	-	310,688,405
Reinsurance contract liabilities	-	-	-	-	-	-	67,401	-	67,401	-	67,401
Unallocated liabilities and equity	-	-	-	-	-	-	-	-	-	-	-
Total liabilities and equity								160,198,948	267,002,230	106,803,282	577,758,036
								470,954,754		106,803,282	
31 December 2022 (Unaudited)	Motor					General Accident	Marine Cargo	Marine Hull	Total	Shareholders' operations	Total
Assets	Medical Comprehensive	Motor	Third party	Engineering	Property						
Reinsurance contract assets	10,768,149	-	-	11,167,057	3,908,398	6,175,758	-	1,911,258	33,930,620	-	33,930,620
Insurance contract assets	-	-	-	-	-	-	578,724	-	578,724	-	578,724
Unallocated assets	-	-	-	-	-	-	-	-	-	-	-
Total assets								281,939,719	533,386,117	251,446,398	567,895,461
								316,449,063		251,446,398	
Liabilities											
Insurance contract liabilities	140,978,672	58,473,057	85,433,638	11,049,531	7,932,789	18,262,735	1,105,965	19,635	323,256,022	-	323,256,022
Reinsurance contract liabilities	-	577,223	1,379,861	-	-	-	667,940	-	2,625,024	-	2,625,024
Unallocated liabilities and equity	-	-	-	-	-	-	-	-	-	-	-
Total liabilities and equity								116,817,296	242,014,415	125,197,119	567,895,461
								442,698,342		125,197,119	

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5. Information related to product lines (continued)

For the three-month period ended 30 September 2023 (Unaudited)

	Insurance operations										Shareholders' operations	Total
	Medical	Comprehensive	Motor Third party	Motor	Engineering	Property	General Accident	Marine Cargo	Marine Hull	Total		
Insurance revenue	58,142,764	32,569,777	22,410,705		2,479,865	5,946,463	7,165,563	(222,367)	410,542	128,903,312	-	128,903,312
Insurance service expenses	(54,881,283)	(13,287,022)	(29,030,640)		(795,324)	(15,631,646)	(615,995)	(63,208)	28,861	(114,276,257)	-	(114,276,257)
Net (expenses) income from reinsurance contracts	(749,184)	(151,075)	131,781		(965,082)	10,425,791	(3,529,468)	(232,720)	(434,703)	4,495,340	-	4,495,340
Insurance service result	2,512,297	19,131,680	(6,488,154)		719,459	740,608	3,020,100	(518,295)	4,700	19,122,395	-	19,122,395
Interest income from financial assets not measured at FVTPL												
Net (losses) gains on FVTPL investments												
Net investment income										2,832,904	3,145,629	5,978,533
Finance income (expenses) from reinsurance contracts held										(615,172)	599,756	(15,416)
Finance (expenses) income from insurance contracts issued										2,217,732	3,745,385	5,963,117
Net insurance finance income	943,283	1,768	26,518		715,560	(93,889)	297,566	5,717	144,423	2,040,946	-	2,040,946
Net insurance and investment result	(243,072)	34,001	165,382		(759,405)	(71,751)	(769,966)	(751)	(3,716)	(1,649,278)	-	(1,649,278)
	700,211	35,769	191,900		(43,845)	(165,640)	(472,400)	4,966	140,707	391,668	-	391,668
										21,731,795	3,745,385	25,477,180

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5. Information related to product lines (continued)

For the three-month period ended 30 September 2023 (Unaudited) (continued)

	Insurance operations								Shareholders' operations	Total
	Medical	Comprehensive	Motor Third party	Engineering	Property	General Accident	Marine Cargo	Marine Hull		
Other operating expenses – net										
Other finance costs								(6,729,766)	152,272	(6,577,494)
Other income								(4,663)	-	(4,663)
Total profit for the period before zakat								100,654	-	100,654
Zakat expense								15,098,020	3,897,657	18,995,677
NET PROFIT FOR THE PERIOD ATTRIBUTABLE TO THE SHAREHOLDERS								-	(1,000,000)	(1,000,000)
								15,098,020	2,897,657	17,995,677

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5. Information related to product lines (continued)

For the three-month period ended 30 September 2022 (Unaudited)

	Insurance operations								Shareholders' operations	Total	`Total
	Medical	Comprehensive	Motor	Motor Third party	Engineering	Property	General Accident	Marine Cargo	Marine Hull		
Insurance revenue	56,534,113	18,619,660		33,540,227	1,803,034	3,636,344	4,317,923	60,244	208,202	118,719,747	-
Insurance service expenses	(31,593,884)	(29,607,766)		(40,917,308)	577,089	35,835	10,817,783	133,856	86,762	(90,467,633)	-
Net (expenses) income from reinsurance contracts	(5,890,644)	(524,508)		1,585,539	(2,297,879)	(5,550,033)	(14,224,801)	(282,632)	(1,302,311)	(28,487,269)	-
Insurance service result	19,949,585	(11,512,614)		(5,791,542)	82,244	(1,877,854)	910,905	(88,532)	(1,007,347)	(235,155)	-
Interest income from financial assets not measured at FVTPL	-	-	-	-	-	-	-	-	-	(51,530)	286,224
Net gains on FVTPL investments	-	-	-	-	-	-	-	-	-	2,026,401	15,331
Net investment income										1,974,871	301,555
Finance (expenses) income from reinsurance contracts held	(5,749)	(1,934)		(9,094)	107,591	30,553	600,783	1,707	129	723,986	-
Finance income (expenses) from insurance contracts issued	1,273,330	(339,364)		625,132	(120,696)	(35,344)	(715,995)	(2,226)	102	684,939	-
Net insurance finance income (expenses)	1,267,581	(341,298)		616,038	(13,105)	(4,791)	(115,212)	(519)	231	1,408,925	-
Net insurance and investment result									3,148,641	301,555	3,450,196

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5. Information related to product lines (continued)

For the three-month period ended 30 September 2022 (Unaudited) (continued)

	Insurance operations							Shareholders' operations	Total
	Medical Comprehensive	Motor Third party	Motor	Engineering	Property	General Accident	Marine Cargo	Marine Hull	
Other operating expenses – net									
Other finance costs									
Other income									
Total profit for the period before zakat						(5,255,249)	267,953	(4,987,296)	
						(9,554)	-	(9,554)	
						7,203,316	-	7,203,316	
Zakat expense									
						5,087,154	569,508	5,656,662	
						-	(1,200,000)	(1,200,000)	
NET PROFIT FOR THE PERIOD ATTRIBUTABLE TO THE SHAREHOLDERS						5,087,154	(630,492)	4,456,662	

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5. Information related to product lines (continued)

For the nine-month period ended 30 September 2022 (Unaudited)

	Insurance operations								Shareholders' operations	Total
	Medical	Comprehensive	Motor Third party	Engineering	Property	General Accident	Marine Cargo	Marine Hull		
Insurance revenue	142,334,437	42,030,822	135,956,626	7,721,126	11,755,666	11,145,553	(227,254)	829,169	-	351,546,145
Insurance service expenses	(113,295,304)	(75,240,630)	(170,662,149)	1,302,889	19,985	11,863,856	(438,148)	1,540,651	-	(344,908,850)
Net (expenses) income from reinsurance contracts	(6,683,245)	(835,899)	(830,915)	(8,714,328)	(14,414,132)	(21,532,835)	(71,894)	(5,186,807)	-	(58,270,055)
Insurance service result	22,355,888	(34,045,707)	(35,536,438)	309,687	(2,638,481)	1,476,574	(737,296)	(2,816,987)	-	(51,632,760)
Interest (losses) income from financial assets not measured at FVTPL									3,488,670	1,294,225
Net (losses) income on FVTPL investments									(787,424)	1,133,681
Net investment income									2,701,246	2,427,906
Finance (expenses) income from reinsurance contracts held	(398,698)	1,098	76,174	(217,954)	(8,523)	196,906	(7,703)	1,832	-	(356,868)
Finance (expenses) income from insurance contracts issued	1,491,331	520,731	829,252	222,647	14,764	(152,706)	12,354	1,925	-	2,940,298
Net insurance finance income	1,092,633	521,829	905,426	4,693	6,241	44,200	4,651	3,757	-	2,583,430
Net insurance and investment result									2,701,246	(46,621,424)

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6. Cash and cash equivalents

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

	Insurance operations		Shareholders' operations		Total	
	30 September 2023 (Unaudited)	31 December 2022 (Audited)	30 September 2023 (Unaudited)	31 December 2022 (Audited)	30 September 2023 (Unaudited)	31 December 2022 (Audited)
Cash in hand	42,655	49,434	-	-	42,655	49,434
Cash at bank - current accounts	23,610,528	59,739,867	251,131	383,131	23,861,659	60,122,998
Time deposits	20,110,739	27,000,000	51,088,817	51,000,000	71,199,556	78,000,000
Money market funds	10,258,201	20,000,000	68,340,134	64,794,233	78,598,335	84,794,233
	54,022,123	106,789,301	119,680,082	116,177,364	173,702,205	222,966,665

Cash at banks is placed with counterparties with sound credit ratings. As at 30 September 2023, deposits were placed with local banks with original maturities of less than three months from the date of placement and earned commission income at an average rate of 5.10% to 6.60% (31 December 2022: 3% to 6%) per annum.

The gross carrying amount of cash and cash equivalents represents the Company's maximum exposure to credit risk on these financial assets which are categorised under investment grade and Stage 1. Investment grade includes those financial assets having credit exposure equivalent to Standard and Poor's rating of AAA to BBB. The Company's exposures to credit risk are not collateralized. At 30 September 2023, 31 December 2022 and 1 January 2022, the ECL allowance on such financial assets was immaterial.

7. Term deposits

Short-term deposits, amounting to Saudi Riyals 165.1 million, are placed with local banks and financial institutions with an original maturity of more than three months but less than or equal to twelve months from the date of placement. These deposits earned commission income at a rate of 5.25% to 6.18% per annum for the year ended 30 September 2023.

Long-term deposits, amounting to Saudi Riyals 20.2 million, are placed with local banks and financial institutions represent deposits with maturity of more than one year from the date of placement and are placed with banks carrying commission income at an average rate of 5.99%.

The gross carrying amounts above represent the Company's maximum exposure to credit risk on these financial assets which are categorised under investment grade and Stage 1. Investment grade includes those financial assets having credit exposure equivalent to Standard and Poor's rating of AAA to BBB. The Company's exposures to credit risk are not collateralized. At 30 September 2023, 31 December 2022 and 1 January 2022, the ECL allowance on such financial assets was immaterial.

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8. Investments

(a) Investments are classified as follows:

	Insurance operations		Shareholders' operations		Total	
	30 September 2023	31 December 2022 - Restated	30 September 2023	31 December 2022 - Restated	30 September 2023	31 December 2022 - Restated
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Financial assets at FVTPL						
Mutual Funds	11,099,461	11,978,237	6,822,858	8,914,279	17,922,319	20,892,516
Ordinary shares	12,580,434	10,227,968	23,034,011	19,233,970	35,614,445	29,461,938
	23,679,895	22,206,205	29,856,869	28,148,249	53,536,764	50,354,454
Financial assets at FVOCI						
Ordinary shares	39,703,127	39,703,127	-	-	39,703,127	39,703,127
	63,383,022	61,909,332	29,856,869	28,148,249	93,239,891	90,057,581

	30 September 2023 (Unaudited)	31 December 2022 - Restated (Unaudited)
Balance at beginning of the period / year	90,057,581	87,758,764
Adjustment to opening retained earnings under IFRS 9 (Note 4.2)	-	36,609,480
Opening balance as at 1 January - under IFRS 9	90,057,581	124,368,244
Additions during the period / year	12,188,057	60,340,654
Withdrawal during the period / year	(15,452,426)	(94,400,314)
Changes in fair value of investments	6,446,679	(251,003)
Net	93,239,891	90,057,581

Investment in mutual funds are classified as investments measured at FVTPL since these are equity instruments. As a result, these funds were classified as FVTPL from the date of initial application.

The Company has classified its investments in ordinary shares at FVTPL, except for Najm investments which are being held at FVOCI. The Company holds an investment in the equity of Najm for Insurance Services (Najm) and in accordance with Company's accounting policy under Note 3.2, investments in equity instruments should be measured at fair value. During the nine-month period ended 30 September 2023, the Company has determined the fair value of its investment in Najm, which was previously carried at initial cost of Saudi Riyals 1.9 million until 31 December 2022, to be Saudi Riyals 36.9 million as at 31 December 2021 and Saudi Riyals 39.7 million as at 31 December 2022. Accordingly, the required adjustments to bring the carrying value of such investment to its fair value have been recorded in the opening equity as of 1 January 2022 and 31 December 2022.

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9. Goodwill

The Company commenced its insurance operations on January 1, 2009. The Company's General Assembly approved on February 1, 2009 for the Company to enter into an agreement whereby it acquired the entire business (net identifiable assets) of Al Sagr Saudi Insurance Company with effect from January 1, 2009 at a goodwill of Saudi Riyals 39 million as set forth in SAMA's letter in this respect after completing the related procedures as required under SAMA's letter on November 10, 2008. The Company has later adjusted goodwill amount by reducing Saudi Riyals 13.5 million in line with SAMA correspondence in this respect bringing it to Saudi Riyals 25.5 million. The Company has paid Saudi Riyals 9.9 million during 2011 and Saudi Riyals 15.6 million in 2012 against goodwill to the shareholders of Al Sagr Saudi Insurance Company.

The Company tests the goodwill for impairment at each reporting date, if there are impairment indicators. For the impairment testing, management identifies a single cash generating unit ("CGU") and determines the recoverable amount of the CGU based on value-in-use calculations. These calculations require the use of estimates in relation to the future cash flows, based on the most recent five years' business plan, and use of an appropriate discount rate. Cash flows beyond five-years' period are extrapolated using the estimated growth rate stated below. This growth rate is consistent with the forecasts included in industry reports specific to the industry in which the CGU operates. As of 30 September 2023, there were no impairment indicators identified and hence no impairment testing was performed by management. The impairment testing was performed by management as of 30 June 2023 and 31 December 2022. As of 30 June 2023, the calculation of value in use was most sensitive to the assumptions of insurance revenue growth (31 December 2022: Gross written premium), insurance service expenses (31 December 2022: Average claims ratio) and discount rate. As of 30 June 2023, the key assumptions were changed from the annual financial statements for the year ended 31 December 2022, to align with the principles of IFRS 17. Since insurance service expenses consider both claims and directly attributable expenses, the average claim ratio were not considered separately. Key assumptions underlying the projections were:

Key assumptions – 30 June 2023

	%
Insurance revenue growth	9.4
Insurance service expenses	95.4
Discount rate	12.0
Terminal value growth rate	2.0

Key assumptions – 31 December 2022

	%
Compound annual growth in gross premiums written	11.2
Average claims ratio	76.3
Weighted average cost of capital	12.0
Long-term growth rate	2.0

10. Statutory deposit

In accordance with Article 58 of the Insurance Implementing Regulations of SAMA, the Company is required to maintain a statutory deposit of not less than 10% of its paid-up capital. The statutory deposit is maintained with a Saudi Arabian bank and can be withdrawn only with the consent of SAMA.

In accordance with the instruction received from SAMA vide their circular dated 1 March 2016, the Company has disclosed the interest due on the statutory deposit as at 30 September 2023 as an asset and a liability in this interim condensed financial information.

The gross carrying amount of statutory deposit represents the Company's maximum exposure to credit risk on these financial assets which are categorized under investment grade and Stage 1. Investment grade includes those financial assets having credit exposure equivalent to Standard and Poor's rating of AAA to BBB. The Company's exposures to credit risk are not collateralized. At 30 September 2023, 31 December 2022 and 1 January 2022, the ECL allowance on such financial assets was immaterial.

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11. Insurance and reinsurance contracts

11.1 Composition of the statement of financial position

An analysis of the amounts presented on the statement of financial position for insurance contracts and reinsurance contracts has been included in the table below along with the presentation of current and non-current portion of balances:

30 September 2023 (Unaudited)	Medical	Motor Comprehensive	Motor Third party	Engineering	Property	General Accident	Marine Cargo	Marine Hull	Total
Insurance Contracts									
Insurance contract assets	-	-	-	-	-	-	-	-	-
Insurance contract liabilities	123,591,885	61,622,370	60,458,383	9,964,184	29,732,996	24,139,509	899,349	279,729	310,688,405
									<u>310,688,405</u>
Reinsurance contracts									
Reinsurance contract assets	6,557,186	341,854	154,032	9,023,664	23,226,761	3,710,058	-	1,021,279	44,034,834
Reinsurance contract liabilities	-	-	-	-	-	-	(67,401)	-	(67,401)
									<u>43,967,433</u>
31 December 2022 - Restated (Unaudited)									
Insurance Contracts									
Insurance contract assets	-	-	-	-	-	-	(578,724)	-	(578,724)
Insurance contract liabilities	140,978,672	58,473,057	85,433,638	11,049,531	7,932,789	18,262,735	1,105,965	19,635	323,256,022
									<u>322,677,298</u>
Reinsurance contracts									
Reinsurance contract assets	10,768,149	-	-	11,167,057	3,908,398	6,175,758	-	1,911,258	33,930,620
Reinsurance contract liabilities	-	(577,223)	(1,379,861)	-	-	-	(667,940)	-	(2,625,024)
									<u>31,305,596</u>

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11 Insurance and reinsurance contracts (continued)

11.2 Analysis by remaining coverage and incurred claims

11.2.1 Insurance contracts

	As at 30 September 2023 (unaudited)				
	Liability for remaining coverage		Liability for incurred claims		Total
	Excluding loss component	Loss component	Estimates of present value of FCF	Risk Adjustment for non-financial risk	
Insurance contracts					
Insurance contract liabilities – opening	157,526,704	35,622,563	121,543,053	8,563,702	323,256,022
Insurance contract assets – opening	(1,258,712)	-	666,391	13,597	(578,724)
Opening balance – net (unaudited)	156,267,992	35,622,563	122,209,444	8,577,299	322,677,298
Insurance revenue	(364,877,742)	-	-	-	(364,877,742)
Insurance service expenses					
Incurred claims and other directly attributable expenses	-	-	296,132,518	3,453,515	299,586,033
Reversal of losses on onerous contracts	-	(16,900,138)	-	-	(16,900,138)
Changes that relate to past service - adjustments to the LIC	-	-	(9,348,484)	(7,473,769)	(16,822,253)
Insurance acquisition cashflows amortisation	53,521,110	-	-	-	53,521,110
Insurance service expenses	53,521,110	(16,900,138)	286,784,034	(4,020,254)	319,384,752
Finance income from insurance contracts	-	-	(897,846)	-	(897,846)
Total changes in the statement of income	(311,356,632)	(16,900,138)	285,886,188	(4,020,254)	(46,390,836)
Cashflows					
Premiums received	338,567,425	-	-	-	338,567,425
Claims and other directly attributable expenses paid	-	-	(253,868,653)	-	(253,868,653)
Insurance acquisition cashflows paid	(50,296,830)	-	-	-	(50,296,830)
Total cash inflows	288,270,595	-	(253,868,653)		34,401,942
Insurance contracts					
Insurance contract liabilities – closing	133,181,955	18,722,425	154,226,980	4,557,045	310,688,405
Insurance contract assets – closing	-	-	-	-	-
Closing balance – net (unaudited)	133,181,955	18,722,425	154,226,980	4,557,045	310,688,405

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11 Insurance and reinsurance contracts (continued)
11.2 Analysis by remaining coverage and incurred claims (continued)
11.2.1 Insurance contracts (continued)

	As at 31 December 2022 - Restated (Unaudited)				
	Liability for remaining coverage		Liability for incurred claims		Total
	Excluding loss component	Loss component	Estimates of present value of FCF	Risk Adjustment for non-financial risk	
Insurance contracts					
Insurance contract liabilities – opening	148,841,562	56,856,653	154,814,396	16,375,595	376,888,206
Insurance contract assets – opening	-	-	-	-	-
Opening balance – net (unaudited)	148,841,562	56,856,653	154,814,396	16,375,595	376,888,206
Insurance revenue	(473,347,548)	-	-	-	(473,347,548)
Insurance service expenses					
Incurred claims and other directly attributable expenses	-	-	443,520,807	7,626,759	451,147,566
reversal of losses on onerous contracts	-	(21,234,090)	-	-	(21,234,090)
Changes that relate to past service - adjustments to the LIC	-	-	(34,478,798)	(15,425,055)	(49,903,853)
Insurance acquisition cashflows amortisation	63,331,142	-	-	-	63,331,142
Insurance service expenses	63,331,142	(21,234,090)	409,042,009	(7,798,296)	443,340,765
Finance income from insurance contracts	-	-	(2,343,144)	-	(2,343,144)
Total changes in the statement of income	(410,016,406)	(21,234,090)	406,698,865	(7,798,296)	(32,349,927)
Cashflows					
Premiums received	473,793,537	-	-	-	473,793,537
Claims and other directly attributable expenses paid	-	-	(439,303,817)	-	(439,303,817)
Insurance acquisition cashflows paid	(56,350,701)	-	-	-	(56,350,701)
Total cash inflows	417,442,836	-	(439,303,817)	-	(21,860,981)
Insurance contracts					
Insurance contract liabilities – closing	157,526,704	35,622,563	121,543,053	8,563,702	323,256,022
Insurance contract assets – closing	(1,258,712)	-	666,391	13,597	(578,724)
Closing balance – net (unaudited)	156,267,992	35,622,563	122,209,444	8,577,299	322,677,298

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11 Insurance and reinsurance contracts (continued)
11.2 Analysis by remaining coverage and incurred claims (continued)
11.2.2 Reinsurance contracts held

	As at 30 September 2023 (unaudited)				
	Asset for remaining coverage		Asset for incurred claims		Total
	Excluding loss recovery component	Loss recovery component	Estimates of present value of FCF	Risk adjustment for non-financial risk	
Reinsurance contracts					
Reinsurance contract assets – opening	(21,078,971)	-	49,938,073	5,071,518	33,930,620
Reinsurance contract liabilities – opening	(5,280,305)	-	2,439,899	215,382	(2,625,024)
Opening balance – net (unaudited)	(26,359,276)	-	52,377,972	5,286,900	31,305,596
Allocation of reinsurance premium	(49,518,392)	-	-	-	(49,518,392)
Amounts recoverable from reinsurers					
Claims recovered and other directly attributable expenses	-	-	28,881,151	1,162,334	30,043,485
Loss-recovery on onerous underlying contracts	-	-	-	-	-
Changes that relate to past service – changes in the FCF relating to incurred claims recovery	-	-	1,522,042	(4,868,793)	(3,346,751)
Amounts recoverable from reinsurers - net	(49,518,392)	-	30,403,193	(3,706,459)	(22,821,658)
Finance expenses from reinsurance contracts	-	-	721,940	-	721,940
Total changes in the statement of income	(49,518,392)	-	31,125,133	(3,706,459)	(22,099,718)
Cashflows					
Premiums ceded and acquisition cashflows paid	66,899,517	-	-	-	66,899,517
Recoveries from reinsurance	-	-	(32,137,962)	-	(32,137,962)
Total cash inflows (outflows)	66,899,517	-	(32,137,962)	-	34,761,555
Reinsurance contracts					
Reinsurance contract assets – closing	(8,747,617)	-	51,206,067	1,576,384	44,034,834
Reinsurance contract liabilities – closing	(230,534)	-	159,076	4,057	(67,401)
Closing balance – net (unaudited)	(8,978,151)	-	51,365,143	1,580,441	43,967,433

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11. Insurance and reinsurance contracts (continued)

11.2 Analysis by remaining coverage and incurred claims (continued)

11.2.2 Reinsurance contracts held (continued)

	As at 31 December 2022 - Restated (Unaudited)				
	Asset for remaining coverage		Asset for incurred claims		Total
	Excluding loss recovery component	Loss recovery component	Estimates of present value of FCF	Risk adjustment for non-financial risk	
Reinsurance contracts					
Reinsurance contract assets – opening	(17,942,656)	-	72,457,476	9,989,846	64,504,666
Reinsurance contract liabilities – opening	(5,041,107)	-	873,899	84,775	(4,082,433)
Opening balance – net (unaudited)	(22,983,763)	-	73,331,375	10,074,621	60,422,233
Allocation of reinsurance premium	(58,310,004)	-	-	-	(58,310,004)
Amounts recoverable from reinsurers					
Claims recovered and other directly attributable expenses	-	-	6,495,838	778,827	7,274,665
Loss-recovery on onerous underlying contracts	-	-	-	-	-
Changes that relate to past service – changes in the FCF relating to incurred claims recovery	-	-	(13,062,923)	(5,566,548)	(18,629,471)
Amounts recoverable from reinsurers - net	(58,310,004)	-	(6,567,085)	(4,787,721)	(69,664,810)
Finance expenses from reinsurance contracts	-	-	(1,759,616)	-	(1,759,616)
Total changes in the statement of income	(58,310,004)	-	(8,326,701)	(4,787,721)	(71,424,426)
Cashflows					
Premiums ceded and acquisition cashflows paid	54,934,491	-	-	-	54,934,491
Recoveries from reinsurance	-	-	(12,626,702)	-	(12,626,702)
Total cash (outflows) / inflows	54,934,491	-	(12,626,702)	-	42,307,789
Reinsurance contracts					
Reinsurance contract assets – closing	(21,078,971)	-	49,938,073	5,071,518	33,930,620
Reinsurance contract liabilities – closing	(5,280,305)	-	2,439,899	215,382	(2,625,024)
Closing balance – net (unaudited)	(26,359,276)	-	52,377,972	5,286,900	31,305,596

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12 Share capital

The authorized, issued and paid up share capital of the Company was 140 million at 30 September 2023, consisting of 14 million shares (31 December 2022: Saudi Riyals 140 million consisting of 14 million shares) of Saudi Riyals 10 each. Also see Note 1.

13. Insurance revenue and expenses

An analysis of insurance revenue, insurance expenses and net expenses from reinsurance contracts held by product line for the three-month and nine-month periods ended 30 September 2023 and 30 September 2022 is included in following tables respectively. Additional information on amounts recognized in statement of income is included in the insurance contract balances reconciliation.

For the three-month period ended 30 September 2023 (Unaudited)

	Medical	Motor Comprehensive	Motor Third party	Engineering	Property	General Accident	Marine Cargo	Marine Hull	Total
Insurance revenue from contracts measured under PAA	58,142,764	32,569,777	22,410,705	2,479,865	5,946,463	7,165,563	(222,367)	410,542	128,903,312
Incurred claims and other directly attributable expenses	(83,825,079)	(14,454,515)	(17,476,687)	(1,211,837)	(15,101,150)	(100,437)	(36,472)	50,659	(132,155,518)
Changes that relate to past service - adjustments to the LIC	38,930,937	61,251	(3,748,230)	930,031	636,710	961,862	59,814	(13,054)	37,819,321
(Losses) reversal of losses on onerous contracts	100,580	7,694,825	(2,930,749)	-	-	-	-	-	4,864,656
Insurance acquisition cash flows amortisation	(10,087,721)	(6,588,583)	(4,874,974)	(513,518)	(1,167,206)	(1,477,420)	(86,550)	(8,744)	(24,804,716)
Total insurance service expenses	(54,881,283)	(13,287,022)	(29,030,640)	(795,324)	(15,631,646)	(615,995)	(63,208)	28,861	(114,276,257)

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13 Insurance revenue and expenses (continued)

For the three-month period ended 30 September 2023 (Unaudited) (continued)

	Medical	Motor Comprehensive	Motor Third party	Engineering	Property	General Accident	Marine Cargo	Marine Hull	Total
Reinsurance income contracts measured under the PAA									
Reinsurance premium ceded	(4,742,812)	(796,459)	(492,190)	(1,623,851)	(3,452,245)	(3,396,992)	(244,429)	(416,599)	(15,165,577)
Claims recovered	1,299,215	495,499	463,240	1,053,474	13,667,549	1,071,323	(12,099)	(66,704)	17,971,497
Effect of changes in the risk of reinsurers non-performance	(107,047)	(10,425)	(13,423)	(22,344)	(89,238)	(65,248)	(8,712)	(7,395)	(323,832)
Onerous contracts reversal	-	-	-	-	-	-	-	-	-
Changes that relate to past service - adjustments to incurred claims	2,801,460	160,310	174,154	(372,362)	299,725	(1,138,551)	32,521	55,995	2,013,252
Reinsurance acquisition cash flows amortisation	-	-	-	-	-	-	-	-	-
Total net expenses from reinsurance contracts	(749,184)	(151,075)	131,781	(965,083)	10,425,791	(3,529,468)	(232,719)	(434,703)	4,495,340
Total insurance service result	2,512,297	19,131,680	(6,488,154)	719,458	740,608	3,020,100	(518,294)	4,700	19,122,395

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13 Insurance revenue and expenses (continued)

For the three-month period ended 30 September 2022 (Unaudited)

	Medical	Motor Comprehensive	Motor Third party	Engineering	Property	General Accident	Marine Cargo	Marine Hull	Total
Insurance revenue from contracts measured under PAA	56,534,113	18,619,660	33,540,227	1,803,034	3,636,344	4,317,923	60,244	208,202	118,719,747
Incurred claims and other directly attributable expenses	(7,329,512)	(19,922,250)	(41,724,022)	(525,850)	778,842	(281,328)	183,630	139,841	(68,680,649)
Changes that relate to past service - adjustments to the LIC	(32,702,567)	(3,558,693)	962,492	1,245,751	(91,421)	11,565,028	(20,724)	(46,741)	(22,646,875)
Reversal of losses on onerous contracts	13,633,938	(1,773,874)	5,277,341	20,204	-	-	2,524	-	17,160,133
Insurance acquisition cash flows amortisation	(5,195,743)	(4,352,949)	(5,433,119)	(163,016)	(651,586)	(465,917)	(31,574)	(6,338)	(16,300,242)
Total insurance service expenses	(31,593,884)	(29,607,766)	(40,917,308)	577,089	35,835	10,817,783	133,856	86,762	(90,467,633)
Reinsurance income / (expenses) measured under the PAA									
Reinsurance premium ceded	(4,621,330)	(476,922)	(412,931)	(932,944)	(3,342,023)	(2,513,316)	(108,189)	(858,929)	(13,266,584)
Claims recovered	(5,019,261)	13,435	(820,956)	(375,870)	(2,078,280)	10,578	(228,083)	(316,600)	(8,815,037)
Effect of changes in the risk of reinsurers non-performance	(79,138)	2,216	(1,128)	37,738	49,456	8,483	(36,269)	52,284	33,642
Onerous contracts reversal	-	-	-	-	-	-	-	-	-
Changes that relate to past service - adjustments to incurred claims	3,829,085	(63,237)	2,820,554	(1,026,803)	(179,186)	(11,730,546)	89,909	(179,066)	(6,439,290)
Reinsurance acquisition cash flows amortisation	-	-	-	-	-	-	-	-	-
Total net expenses from reinsurance contracts held	(5,890,644)	(524,508)	1,585,539	(2,297,879)	(5,550,033)	(14,224,801)	(282,632)	(1,302,311)	(28,487,269)
Total insurance service result	19,049,585	(11,512,614)	(5,791,542)	82,244	(1,877,854)	910,905	(88,532)	(1,007,347)	(235,155)

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13 Insurance revenue and expenses (continued)

For the nine-month period ended 30 September 2023 (Unaudited)

	Medical	Motor Comprehensive	Motor Third party	Engineering	Property	General Accident	Marine Cargo	Marine Hull	Total
Insurance revenue from contracts measured under PAA	174,151,311	69,376,299	71,414,670	10,099,831	16,944,587	19,653,043	1,145,748	2,092,253	364,877,742
Incurred claims and other directly attributable expenses	(136,315,090)	(60,038,458)	(68,550,064)	(2,756,054)	(27,545,419)	(4,003,954)	(183,572)	(193,422)	(299,586,033)
Changes that relate to past service - adjustments to the LIC	4,636,289	4,511,137	785,111	518,448	3,354,893	2,636,100	122,379	257,896	16,822,253
Reversal of losses on onerous contracts	(581,484)	9,829,725	7,651,897	-	-	-	-	-	16,900,138
Insurance acquisition cash flows amortisation	(20,080,658)	(15,257,132)	(11,106,699)	(1,733,423)	(2,526,703)	(2,663,604)	(136,569)	(16,322)	(53,521,110)
Total insurance service expenses	(152,340,943)	(60,954,728)	(71,219,755)	(3,971,029)	(26,717,229)	(4,031,458)	(197,762)	48,152	(319,384,752)
Reinsurance income / (expenses) - contracts measured under the PAA									
Reinsurance premium ceded	(11,778,344)	(3,199,242)	(2,330,935)	(8,271,670)	(11,463,005)	(10,351,476)	(512,547)	(1,611,173)	(49,518,392)
Claims recovered	3,900,012	320,591	400,041	1,140,367	24,318,680	619,715	45,532	112,439	30,857,377
Effect of changes in the risk of reinsurers non-performance	(244,368)	(78,222)	(49,866)	(135,511)	(160,161)	(143,720)	(8,286)	6,242	(813,892)
Onerous contracts reversal	-	-	-	-	-	-	-	-	-
Changes that relate to past service - adjustments to incurred claims	460,188	370,805	185,346	(26,254)	(2,868,082)	(1,010,837)	(73,720)	(384,197)	(3,346,751)
Reinsurance acquisition cash flows amortisation	-	-	-	-	-	-	-	-	-
Total net expenses from reinsurance contracts held	(7,662,512)	(2,586,068)	(1,795,414)	(7,293,068)	9,827,432	(10,886,318)	(549,021)	(1,876,689)	(22,821,658)
Total insurance service result	14,147,856	5,835,503	(1,600,499)	(1,164,266)	54,790	4,735,267	398,965	263,716	22,671,332

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13 Insurance revenue and expenses (continued)

For the nine-month period ended 30 September 2022 (Unaudited)

	Medical	Motor Comprehensive	Motor Third party	Engineering	Property	General Accident	Marine Cargo	Marine Hull	Total
Insurance revenue from contracts measured under PAA	142,334,437	42,030,822	135,956,626	7,721,126	11,755,666	11,145,553	(227,254)	829,169	351,546,145
Incurred claims and other directly attributable expenses	(92,909,251)	(58,227,131)	(158,219,852)	(2,451,893)	(2,692,186)	(5,741,613)	(428,806)	(587,936)	(321,258,668)
Changes that relate to past service - adjustments to the LIC	(24,530,568)	(2,658,255)	(3,057,115)	4,896,492	4,525,485	18,908,595	113,367	2,154,596	352,597
Reversal of losses on onerous contracts	15,910,380	(1,596,381)	10,499,758	-	-	-	-	-	24,813,757
Insurance acquisition cash flows amortisation	(11,765,865)	(12,758,863)	(19,884,940)	(1,141,710)	(1,813,314)	(1,303,126)	(122,709)	(26,009)	(48,816,536)
Total insurance service expenses	(113,295,304)	(75,240,630)	(170,662,149)	1,302,889	19,985	11,863,856	(438,148)	1,540,651	(344,908,850)
Reinsurance income / (expenses) - contracts measured under the PAA									
Reinsurance premium ceded	(11,945,380)	(1,230,992)	(2,283,193)	(5,675,408)	(10,533,493)	(6,643,350)	(91,096)	(3,081,508)	(41,484,420)
Claims recovered	138,771	(72,348)	(851,739)	843,313	666,716	1,522,006	135,080	177,000	2,558,799
Effect of changes in the risk of reinsurers non-performance	(79,616)	(362)	(1,535)	9,077	3,418	(14,402)	(32,248)	33,187	(82,481)
Onerous contracts reversal	-	-	-	-	-	-	-	-	-
Changes that relate to past service - adjustments to incurred claims	5,202,980	467,803	2,305,552	(3,891,310)	(4,550,773)	(16,397,089)	(83,630)	(2,315,486)	(19,261,953)
Reinsurance acquisition cash flows amortisation	-	-	-	-	-	-	-	-	-
Total net expenses from reinsurance contracts held	(6,683,245)	(835,899)	(830,915)	(8,714,328)	(14,414,132)	(21,532,835)	(71,894)	(5,186,807)	(58,270,055)
Total insurance service result	22,355,888	(34,045,707)	(35,536,438)	309,687	(2,638,481)	1,476,574	(737,296)	(2,816,987)	(51,632,760)

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14. Insurance finance expense - net

An analysis of the net insurance finance income by product line for the three-month and nine-month periods ended 30 September 2023 and 30 September 2022 respectively is presented below:

For the three-month period ended 30 September 2023 (Unaudited)

	Medical	Motor Comprehensive	Motor Third party	Engineering	Property	General Accident	Marine Cargo	Marine Hull	Total
Finance income from insurance contracts issued	-	-	-	-	-	-	-	-	-
Interest accreted	-	-	-	-	-	-	-	-	-
Effects of changes in interest rates and other financial assumptions	(243,072)	34,001	165,382	(759,405)	(71,751)	(769,966)	(751)	(3,716)	(1,649,278)
Foreign exchange differences	-	-	-	-	-	-	-	-	-
Finance income from insurance contracts issued	(243,072)	34,001	165,382	(759,405)	(71,751)	(769,966)	(751)	(3,716)	(1,649,278)
Finance expenses from reinsurance contracts held	-	-	-	-	-	-	-	-	-
Interest accreted	-	-	-	-	-	-	-	-	-
Effects of changes in interest rates and other financial assumptions	943,283	1,768	26,518	715,560	(93,889)	297,566	5,717	144,423	2,040,946
Foreign exchange differences	-	-	-	-	-	-	-	-	-
Finance expenses from reinsurance contracts held	943,283	1,768	26,518	715,560	(93,889)	297,566	5,717	144,423	2,040,946
Net insurance finance income (expenses)	700,211	35,769	191,900	(43,845)	(165,640)	(472,400)	4,966	140,707	391,668

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14. Insurance finance expense -- net (continued)

For the three-month period ended 30 September 2022 (Unaudited)

	Medical	Motor Comprehensive	Motor Third party	Engineering	Property	General Accident	Marine Cargo	Marine Hull	Total
Finance income from insurance contracts issued									
Interest accreted	-	-	-	-	-	-	-	-	-
Effects of changes in interest rates and other financial assumptions	1,273,330	(339,364)	625,132	(120,696)	(35,344)	(715,995)	(2,226)	102	684,939
Foreign exchange differences	-	-	-	-	-	-	-	-	-
Finance income (expenses) from insurance contracts issued	1,273,330	(339,364)	625,132	(120,696)	(35,344)	(715,995)	(2,226)	102	684,939
Finance expenses from reinsurance contracts held									
Interest accreted	-	-	-	-	-	-	-	-	-
Effects of changes in interest rates and other financial assumptions	(5,749)	(1,934)	(9,094)	107,591	30,553	600,783	1,707	129	723,986
Foreign exchange differences	-	-	-	-	-	-	-	-	-
Finance (expenses) income from reinsurance contracts held	(5,749)	(1,934)	(9,094)	107,591	30,553	600,783	1,707	129	723,986
Net insurance finance income (expenses)	1,267,581	(341,298)	616,038	(13,105)	(4,791)	(115,212)	(519)	231	1,408,925

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14. Insurance finance expense – net (continued)

For the nine-month period ended 30 September 2023 (Unaudited)

	Medical	Motor Comprehensive	Motor Third party	Engineering	Property	General Accident	Marine Cargo	Marine Hull	Total
Finance income from insurance contracts issued									
Interest accreted	-	-	-	-	-	-	-	-	-
Effects of changes in interest rates and other financial assumptions	64,275	333,797	6,664	(26,255)	694,433	(178,588)	-	3,520	897,846
Foreign exchange differences	-	-	-	-	-	-	-	-	-
Finance income (expenses) from insurance contracts issued	64,275	333,797	6,664	(26,255)	694,433	(178,588)	-	3,520	897,846
Finance income from reinsurance contracts held									
Interest accreted	-	-	-	-	-	-	-	-	-
Effects of changes in interest rates and other financial assumptions	1,149,251	(8,969)	44,417	(5,312)	(541,401)	16,727	2,307	64,920	721,940
Foreign exchange differences	-	-	-	-	-	-	-	-	-
Finance income (expenses) from reinsurance contracts held	1,149,251	(8,969)	44,417	(5,312)	(541,401)	16,727	2,307	64,920	721,940
Net insurance finance income (expenses)	1,213,526	324,828	51,081	(31,567)	153,032	(161,861)	2,307	68,440	1,619,786

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14. Insurance finance expense – net (continued)

For the nine-month period ended 30 September 2022 (Unaudited)

	Medical	Motor Comprehensive	Motor Third party	Engineering	Property	General Accident	Marine Cargo	Marine Hull	Total
Finance income from insurance contracts issued									
Interest accreted	-	-	-	-	-	-	-	-	-
Effects of changes in interest rates and other financial assumptions	1,491,331	520,731	829,252	222,647	14,764	(152,706)	12,354	1,925	2,940,298
Foreign exchange differences	-	-	-	-	-	-	-	-	-
Finance income from insurance contracts issued	1,491,331	520,731	829,252	222,647	14,764	(152,706)	12,354	1,925	2,940,298
Finance income from reinsurance contracts held									
Interest accreted	-	-	-	-	-	-	-	-	-
Effects of changes in interest rates and other financial assumptions	(398,698)	1,098	76,174	(217,954)	(8,523)	196,906	(7,703)	1,832	(356,868)
Foreign exchange differences	-	-	-	-	-	-	-	-	-
Finance (expenses) income from reinsurance contracts held	(398,698)	1,098	76,174	(217,954)	(8,523)	196,906	(7,703)	1,832	(356,868)
Net insurance finance income	1,092,633	521,829	905,426	4,693	6,241	44,200	4,651	3,757	2,583,430

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15. Other operating expenses - net

	Three-month period ended 30 September 2023 (Unaudited)	Three-month period ended 30 September 2022 (Restated - Notes 3 and 4) (Unaudited)	Nine-month period ended 30 September 2023 (Unaudited)	Nine-month period ended 30 September 2022 (Restated - Notes 3 and 4) (Unaudited)
Employees' cost	1,800,554	2,306,758	6,914,792	8,643,751
Professional Fees	702,833	750,544	4,493,294	4,180,523
Repair and maintenance	522,912	543,241	1,865,474	1,878,314
Utilities	352,433	488,920	887,045	1,393,232
Business travel and transport	407,553	454,692	464,470	838,486
Storage	65,875	(110,906)	423,792	466,169
Stationery	16,311	61,508	100,362	154,337
Directors' remuneration	1,771,250	-	1,771,250	-
Others	937,773	492,539	2,274,160	1,217,642
	6,577,494	4,987,296	19,194,639	18,772,454

16. Other income

Other income comprises of income from the Umrah product related to medical, general and accident insurance, under an agreement which was signed together with 28 other insurance companies. The compulsory Umrah product is offered by the Ministry of Hajj and Umrah and approved by SAMA for Insurance for pilgrims coming from outside the Kingdom of Saudi Arabia except for citizens of the Gulf Cooperation Council countries. This covers general accidents and health benefits of the pilgrims entering the Kingdom of Saudi Arabia to perform Umrah.

17. 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.

(a) The following are the details of major related party transactions during the period, and the related balances at the end of the period/year:

	Transactions for the three- month period ended 30 September 2023 (Unaudited)		Transactions for the nine- month period ended 30 September 2023 (Unaudited)	
	30 September 2023 (Unaudited)	30 September 2022 (Unaudited)	30 September 2023 (Unaudited)	30 September 2022 (Unaudited)
Shareholders				
Gross premiums written	5,472	-	5,472	1,125,690
Rent expense	-	(252,514)	-	(334,534)
Reinsurance commission income	-	1,279	-	15,964
Reinsurance share of claims paid	-	4,264	19,698	243,036
Reinsurance premium ceded	-	(430)	-	(3,834)
Claims incurred	-	-	-	(111,144)

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17. Related party transactions and balances (continued)

	Balances receivable (payable) as at	
	30 September 2023	31 December 2022
Shareholders		
Reinsurance premium payable	11,900	16,803

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

	Three-month period ended 30 September 2023 (Unaudited)	Three-month period ended 30 September 2022 (Unaudited)	Nine-month period ended 30 September 2023 (Unaudited)	Nine-month period ended 30 September 2022 (Unaudited)
Salaries and benefits	1,869,115	2,611,764	5,097,907	7,780,877
Employee benefit obligations	74,204	111,657	221,870	346,955
Charge for the period	1,943,319	2,723,421	5,319,777	8,127,832

(c) Due to a related party

Due to a related party represents amounts payable to Al Sagr Saudi Insurance Company (B.S.C).

(d) The transactions with related parties are carried out at commercial terms and conditions. Compensation to key management personnel is on employment terms and as per the by-laws of the Company.

18. Zakat

(a) Zakat charge for the period

The charge for the period for zakat is as follows:

	Three-month period ended 30 September 2023 (Unaudited)	Three-month period ended 30 September 2022 (Unaudited)	Nine-month period ended 30 September 2023 (Unaudited)	Nine-month period ended 30 September 2022 (Unaudited)
Charge for the period	(1,000,000)	(1,200,000)	(4,200,000)	(3,600,000)

(b) Movement in the provision for zakat during the period / year

	30 September 2023 (Unaudited)	31 December 2022 (Audited)
At the beginning of the period / year	42,653,769	42,652,370
Provisions		
- For the current period / year	4,200,000	3,678,013
- Adjustments related to prior years	-	921,987
	4,200,000	4,600,000
Paid during the period / year	(6,955,053)	(4,598,601)
At the end of the period / year	39,898,716	42,653,769

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18 Zakat (continued)**(c) Shareholding subject to zakat**

The following is the shareholding percentage subject to zakat in the interim condensed financial information and financial statements as at the end of the period/year:

	30 September 2023 (Unaudited)	31 December 2022 (Audited)
Shareholding subject to zakat	100%	100%

(d) Zakat assessments

During the year ended 31 December 2021, the Company received final zakat assessments for the years from 2012 to 2018. Total additional zakat liability as per the assessments amounted to Saudi Riyals 36.3 million for such years. The Company had filed an appeal with General Secretariat of Zakat Committees (high committees) against the assessments and in-parallel had submitted a settlement request with the Zakat, Tax and Customs Authority ("ZATCA")-Settlement committee. During the year ended 31 December 2021, the ZATCA-Settlement committee offered to decrease the zakat assessments to Saudi Riyals 36.2 million, which the Company did not accept and, accordingly, continued with the appeal filed with General Secretariat of Zakat Committees (high committees), which also issued the decision and the final additional zakat liability was assessed at Saudi Riyals 36.2 million. The Company had filed an appeal with the Appellate Committee for the resolution of tax disputes against the assessment, which was rejected and the Company is in the process of settling this liability.

During the year ended December 31, 2021, the Company has received preliminary assessment from ZATCA for the years 2019 and 2020, with an additional liability amounting to Saudi Riyals 9.6 million. The Company has filed an appeal with General Secretariat of Zakat Committees (high committees) against such assessments, the case is still under discussion.

Management is of the view that ZATCA will reconsider the assessment in the case of 2019 and 2020 and will allow for certain deductions from the zakat base, and believes that the level of the existing provision for zakat maintained by the Company is presently sufficient to cover such uncertain zakat positions.

19. Statutory reserve

In accordance with the By-laws of the Company and Article 70(2)(g) of the Insurance Implementing Regulations issued by SAMA, the Company is required to transfer not less than 20% of its annual profits, after adjusting accumulated losses, to a statutory reserve until such reserve amounts to 100% of the paid-up share capital of the Company. This reserve is not available for distribution to the shareholders until the liquidation of the Company.

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20. Basic and diluted earnings (losses) per share

Basic and diluted earnings (losses) per share for the three-month and nine-month periods ended 30 September 2023 and 2022 is calculated by dividing total income (losses) for the period attributable to the shareholders by the weighted average number of outstanding shares during the period.

	For the three-month period ended 30 September	
	2023	2022
Total income for the period attributable to the shareholders	17,995,677	4,456,662
Weighted average number of ordinary shares for basic and diluted loss per share	14,000,000	14,000,000
Basic and diluted earnings per share	1.29	0.32
	For the nine-month period ended 30 September	
	2023	2022
Total income (loss) for the period attributable to the shareholders	34,985,764	(58,866,850)
Weighted average number of ordinary shares for basic and diluted profit per share	14,000,000	14,000,000
Basic and diluted earnings (losses) per share	2.50	(4.20)

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21. Fair value of financial instruments

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

- Level 1 - quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 - valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 - valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The following table shows the 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 a reasonable approximation to fair value, as these are either short-term in nature or carry interest rates which are based on prevalent market interest rates.

30 September 2023				
(Unaudited)				
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Mutual funds	-	-	17,922,319	17,922,319
Ordinary shares	34,814,445	-	40,503,127	75,317,572
	<u>34,814,445</u>	<u>-</u>	<u>58,425,446</u>	<u>93,239,891</u>
31 December 2022				
Restated (Unaudited)				
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Mutual funds	-	-	20,892,516	20,892,516
Ordinary shares	28,661,938	-	40,503,127	69,165,065
	<u>28,661,938</u>	<u>-</u>	<u>61,395,643</u>	<u>90,057,581</u>

Significant unobservable inputs were used in the valuation of level 3 investments based on fair value estimates from reputable third-party valuer who use technique such as discounted cash flows and other sophisticated models. Fair values of private mutual funds classified in Level 3 are determined based on the investees' latest reported net assets values as at the date of statement of financial position taking into account the fair value of underlying investments by the fund. The fair value of Level 3 fixed income investments and funds are taken from the holding statements issued by the respective fund managers. Level 3 available-for-sale investment also comprises equity investment of 192,308 shares of Najm for Insurance Services (Najm) (31 December 2022: 192,308 shares) and 80,000 shares of Saudi NextCare (31 December 2022: 80,000 shares), respectively. Also see Note 8 for details relating to Najm investments. During the nine-month period ended 30 September 2023, there have been no transfers between level 1, level 2 and level 3.

Cash and cash equivalents, deposits, statutory deposit, accrued income on statutory deposits and the financial liabilities except employee benefit obligations are measured at amortized cost.

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22. Commitments and contingencies

(a) Legal proceedings

The Company operates in the insurance industry and is subject to legal proceedings in the normal course of business relating to policyholders' insurance claims. While it is not practicable to forecast or determine the final results of all pending or threatened legal proceedings, management does not believe that such proceedings (including litigations) will have material impact on the Company's results or financial position.

(b) Capital commitments

At 30 September 2023, the Company had outstanding commitment of Saudi Riyals 11.9 million in respect of purchase of investments related to a mutual fund. (31 December 2022: Saudi Riyals 9.8 million).

23. Capital risk management

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

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

As per Article 66 of the Regulations, the Company shall maintain a solvency margin equivalent to the highest of the following three methods:

- Minimum capital requirement of Saudi Riyals 100 million;
- Premium solvency margin; or
- Claims solvency margin.

As of 30 September 2023, the Company is in compliance with the minimum solvency margin as required by the Implementing Regulations of the Cooperative Insurance Companies Control Law.

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24. Sensitivity of assumptions

The risks under insurance contracts and the risk management policies are consistent with those as disclosed in the annual financial statements for the year ended 31 December 2022. The Company believes that the claim liabilities under insurance contracts outstanding at the reporting periods below are adequate. However, these amounts are not certain and actual payments may differ from the claim's liabilities provided in the interim condensed financial information. The insurance results are sensitive to various assumptions. It has not been possible to quantify the sensitivity specific variable such as legislative changes or uncertainties in the estimation process.

	Nine-month period ended	
	30 September 2023 (unaudited)	30 September 2022 (unaudited)
Impact on equity and net income of change in claims ratio		
5% Increase	6,787,034	7,076,280
5% Decrease	(6,787,034)	(7,076,280)
Impact on equity and net income of change in direct expense ratio - loss component		
2% Increase	540,692	718,089
2% Decrease	(540,692)	(718,089)
Impact on equity and net income of change in risk adjustment for non-financial risk		
5% Increase	227,852	217,643
5% Decrease	(227,852)	(217,643)

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25. Gross written premium

Details relating to gross written premium are disclosed below to comply with the requirements of SAMA and are not calculated as per the requirements of IFRS 17.

For the three-month period ended 30 September 2023 (Unaudited)

Breakdown of GWP	30 September 2023					
	Medical	Motor	Property & casualty	Protection & Savings		Total
				Individual	Group (Term life)	
Retail	5,138,754	10,720,840	1,043,446	-	-	16,903,040
Very small	4,165,295	1,447,169	154,151	-	-	5,766,615
Small	13,800,161	4,128,021	1,287,799	-	-	19,215,981
Medium	9,234,730	2,203,301	1,329,569	-	-	12,767,600
Corporate	36,400,973	4,828,123	29,608,432	-	-	70,837,528
Total	68,739,913	23,327,454	33,423,397	-	-	125,490,764

For the three-month period ended 30 September 2022 (Unaudited)

Breakdown of GWP	30 September 2022					
	Medical	Motor	Property & casualty	Protection & Savings		Total
				Individual	Group (Term life)	
Retail	3,053,591	20,534,307	58,805	-	-	23,646,703
Very small	9,081,422	539,232	48,000	-	-	9,668,654
Small	21,261,956	2,732,298	794,035	-	-	24,788,289
Medium	8,423,450	2,338,912	2,812,323	-	-	13,574,685
Corporate	26,273,805	9,419,115	25,158,951	-	-	60,851,871
Total	68,094,224	35,563,864	28,872,114	-	-	132,530,202

For the nine-month period ended 30 September 2023 (Unaudited)

Breakdown of GWP	30 September 2023					
	Medical	Motor	Property & casualty	Protection & Savings		Total
				Individual	Group (Term life)	
Retail	18,077,791	44,952,826	9,362,166	-	-	72,392,783
Very small	18,790,716	2,227,608	462,788	-	-	21,481,112
Small	48,896,547	18,295,547	3,482,613	-	-	70,674,707
Medium	28,578,576	10,270,925	5,328,578	-	-	44,178,079
Corporate	54,823,406	60,267,264	41,486,419	-	-	156,577,089
Total	169,167,036	136,014,170	60,122,564	-	-	365,303,770

For the nine-month period ended 30 September 2022 (Unaudited)

Breakdown of GWP	30 September 2022					
	Medical	Motor	Property & casualty	Protection & Savings		Total
				Individual	Group (Term life)	
Retail	12,101,475	87,735,551	2,295,599	-	-	102,132,625
Very small	25,758,601	2,091,675	202,771	-	-	28,053,047
Small	59,068,944	8,648,536	1,859,247	-	-	69,576,727
Medium	30,086,696	15,253,515	7,567,953	-	-	52,908,164
Corporate	50,705,385	21,987,073	32,378,902	-	-	105,071,360
Total	177,721,101	135,716,350	44,304,472	-	-	357,741,923

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26. Net written premium

Details relating to net written premium are disclosed below to comply with the requirements of SAMA and are not calculated as per the requirements of IFRS 17.

For the three-month period ended 30 September 2023 (Unaudited)

	Medical	Motor	Property & casualty	Protection & Savings		Total
				Individual	Group (Term life)	
Gross written premium	68,739,913	23,327,454	33,423,397	-	-	125,490,764
Reinsurance premium ceded – globally (including excess of loss)	(4,178,101)	(795,260)	(23,364,965)	-	-	(28,338,326)
Reinsurance premium ceded – locally (including excess of loss)	(564,711)	(551,523)	(2,354,355)	-	-	(3,470,589)
Net written premium - total	63,997,101	21,980,671	7,704,077	-	-	93,681,849

For the three-month period ended 30 September 2022 (Unaudited)

	Medical	Motor	Property & casualty	Protection & Savings		Total
				Individual	Group (Term life)	
Gross written premium	68,094,224	35,563,864	28,872,114	-	-	132,530,202
Reinsurance premium ceded – globally (including excess of loss)	(3,923,142)	(795,200)	(26,240,332)	-	-	(30,958,674)
Reinsurance premium ceded – locally (including excess of loss)	(692,228)	(184,701)	(410,563)	-	-	(1,287,492)
Net written premium - total	63,478,854	34,583,963	2,221,219	-	-	100,284,036

For the nine-month period ended 30 September 2023 (Unaudited)

	Medical	Motor	Property & casualty	Protection & Savings		Total
				Individual	Group (Term life)	
Gross written premium	169,167,036	136,014,170	60,122,564	-	-	365,303,770
Reinsurance premium ceded – globally (including excess of loss)	(10,488,953)	(3,874,767)	(34,870,762)	-	-	(49,234,482)
Reinsurance premium ceded – locally (including excess of loss)	(1,289,391)	(2,020,662)	(3,422,421)	-	-	(6,732,474)
Net written premium - total	157,388,692	130,118,741	21,829,381	-	-	309,336,814

For the nine-month period ended 30 September 2022 (Unaudited)

	Medical	Motor	Property & casualty	Protection & Savings		Total
				Individual	Group (Term life)	
Gross written premium	177,721,101	135,716,350	44,304,472	-	-	357,741,923
Reinsurance premium ceded – globally (including excess of loss)	(10,089,272)	(2,670,440)	(35,123,270)	-	-	(47,882,982)
Reinsurance premium ceded – locally (including excess of loss)	(1,779,688)	(1,148,801)	(952,023)	-	-	(3,880,512)
Net written premium - total	165,852,141	131,897,109	8,229,179	-	-	305,978,429

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27. Subsequent event

Except as disclosed in Note 1 (f) relating to extension of the tenure of Board of Directors, no other events have arisen subsequent to 30 September 2023, and before the date of approval of this interim condensed financial information, that could have a significant effect on the interim condensed financial information as at 30 September 2023.

28. Approval of the interim condensed financial information

This interim condensed financial information has been approved by the Board of Directors on 22 Rabi'II 1445 H (corresponding to 6 November 2023).