

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

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

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

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

**To The Shareholders of**  
**Allied Cooperative Insurance Group**  
(A Saudi Joint Stock Company)  
Riyadh, Kingdom of Saudi Arabia

### **Introduction**

We have reviewed the accompanying interim condensed statement of financial position of Allied Cooperative Insurance Group (A Saudi Joint Stock Company) ("the Company") as at June 30, 2023, the related interim condensed statements of income and comprehensive income for the three and six month periods then ended, and the interim condensed statements of changes in equity and cash flows for the six month period then ended, and the related notes which form integral part of these interim condensed financial statements. Management is responsible for the preparation and fair presentation of these interim condensed financial statements in accordance with International Accounting Standard ("IAS") 34, 'Interim Financial Reporting' as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

### **Scope of Review**

We conducted our review in accordance with the International Standard on Review Engagements 2410, "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*" that is endorsed in the Kingdom of Saudi Arabia. A review of interim condensed financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

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

### **Material Uncertainty Related to Going Concern**

We draw attention to Note 2 to the interim condensed financial statements, which indicates that as of 30 June 2023, the accumulated losses represent 42.40% (31 December 2022: 49.26%) of the Company's share capital. These events and conditions indicate a material uncertainty on the Company's ability to continue as a going concern. However, various strategic options were considered by the Company's Board of Directors.



**Crowe**

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



**AlKharashi & Co.**  
Certified Accountants And Auditors

**INDEPENDENT AUDITORS' REPORT ON REVIEW OF INTERIM CONDENSED  
FINANCIAL STATEMENTS - CONTINUED**

**Material Uncertainty Related to Going Concern - Continued**

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

Our opinion is not modified in respect of this matter.

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

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Dated: August 13, 2023  
corresponding to: Muharram 26, 1445H




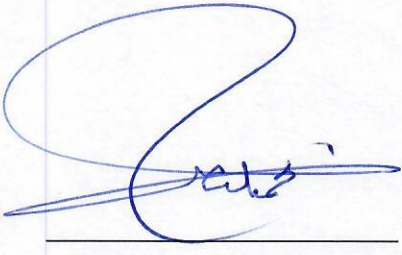



**ALLIED COOPERATIVE INSURANCE GROUP (ACIG)**  
**(A SAUDI JOINT STOCK COMPANY)**  
**INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2023**

AS AT 30 JUNE 2023

		SAR '000		
	Notes	30 June 2023 (Unaudited)	31 December 2022 (Restated)* (Unaudited)	01 January 2022 (Restated)* (Unaudited)
<b>ASSETS</b>				
Reinsurance contract assets	7.3	63,155	62,506	44,797
Cash and cash equivalents	5	598,234	484,331	52,934
Term deposits	6	-	-	182,127
Investments measured at fair value through other comprehensive income	8.1	39,703	67,099	65,830
Debt instruments at amortised cost.	8.2	20,000	20,000	20,000
Prepayments and other receivables		72,151	66,925	60,489
Property and equipment, net		3,763	4,596	5,411
Intangible assets, net		7,084	6,046	5,585
Right-of-use asset, net		1,970	3,309	3,229
Due from a related party		1,985	1,985	1,985
Statutory deposit	9	43,650	43,650	30,000
Accrued commission on statutory deposit		2,960	2,342	1,871
<b>TOTAL ASSETS</b>		<b>854,655</b>	<b>762,789</b>	<b>474,258</b>
<b>LIABILITIES</b>				
Insurance contract liabilities	7	627,360	546,825	378,553
Reinsurance contract liabilities	7	-	-	960
Employees' terminal benefits		14,233	13,072	12,968
Lease liabilities		807	2,122	2,983
Provision for zakat and income tax	12	6,322	9,481	16,913
Accrued commission on statutory deposit payable to SAMA		2,960	2,342	1,871
<b>TOTAL LIABILITIES</b>		<b>651,682</b>	<b>573,842</b>	<b>414,248</b>
<b>EQUITY</b>				
Share capital	13	291,000	291,000	141,000
Accumulated losses		(123,375)	(143,335)	(123,150)
Fair values reserve on investments		37,780	43,714	43,697
Re-measurement reserve of employees' terminal benefits		(2,432)	(2,432)	(1,537)
<b>TOTAL EQUITY</b>		<b>202,973</b>	<b>188,947</b>	<b>60,010</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>854,655</b>	<b>762,789</b>	<b>474,258</b>
<b>COMMITMENTS AND CONTINGENCIES</b>		<b>4,881</b>	<b>4,809</b>	<b>2,998</b>

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

		
Managing Director	Chief Executive Officer	Chief Financial Officer

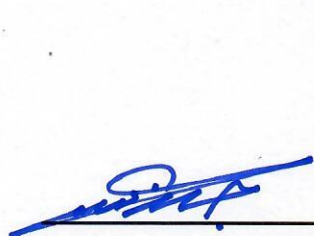
The accompanying notes 1 to 15 form an integral part of these interim condensed financial statements.



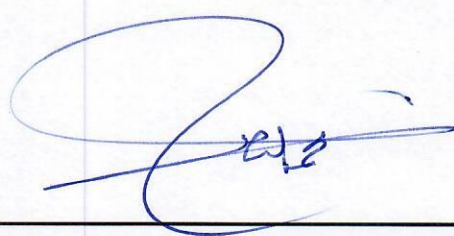
**ALLIED COOPERATIVE INSURANCE GROUP (ACIG)**  
**(A SAUDI JOINT STOCK COMPANY)**  
**INTERIM STATEMENT OF INCOME - (UNAUDITED)**  
**FOR THE THREE AND SIX MONTH PERIODS ENDED 30 JUNE 2023**

	Notes	SAR'000			
		For the three month period ended		For the six month period ended	
		30 June 2023	30 June 2022 (Restated)*	30 June 2023	30 June 2022 (Restated)*
<b>REVENUES</b>					
Insurance revenue		247,779	162,505	474,394	310,490
Insurance service expenses		(223,059)	(158,732)	(441,066)	(332,378)
<b>Insurance service result before reinsurance contracts held</b>		<b>24,720</b>	<b>3,773</b>	<b>33,328</b>	<b>(21,888)</b>
Allocation of reinsurance premiums	7.3	(24,693)	(24,446)	(47,222)	(41,934)
Amounts recoverable from reinsurance	7.3	12,363	13,877	29,242	28,416
<b>Net expenses from reinsurance contracts held</b>		<b>(12,330)</b>	<b>(10,569)</b>	<b>(17,980)</b>	<b>(13,518)</b>
<b>Insurance service result</b>		<b>12,390</b>	<b>(6,796)</b>	<b>15,348</b>	<b>(35,406)</b>
Interest revenue from financial assets not measured at FVTPL		8,335	1,199	15,839	1,835
Other investment income		417	505	1,038	1,009
Net impairment loss on financial assets		(44)	(91)	(66)	(297)
<b>Net investment income</b>		<b>8,708</b>	<b>1,613</b>	<b>16,811</b>	<b>2,547</b>
Net finance expenses from insurance contracts issued		395	57	628	513
Net finance income/(expenses) from reinsurance contracts held	7	15	71	334	37
<b>Net insurance finance income</b>		<b>410</b>	<b>128</b>	<b>962</b>	<b>550</b>
<b>Net insurance and investment result</b>		<b>21,508</b>	<b>(5,055)</b>	<b>33,121</b>	<b>(32,309)</b>
Other income		-	-	1	-
Other operating expenses		(6,556)	(6,034)	(13,829)	(10,735)
<b>Net profit / (loss) for the period, before zakat &amp; tax, attributable to the shareholders</b>		<b>14,952</b>	<b>(11,089)</b>	<b>19,293</b>	<b>(43,044)</b>
Zakat (charged) / reversed during the period		(3,000)	7,932	(3,500)	9,432
<b>Net profit / (loss) for the period, after zakat &amp; tax, before transfer to the policyholders</b>		<b>11,952</b>	<b>(3,157)</b>	<b>15,793</b>	<b>(33,612)</b>
<b>Net profit / (loss) for the period, attributable to policyholder</b>		<b>(1,429)</b>	<b>-</b>	<b>(1,730)</b>	<b>-</b>
<b>Net profit / (loss) for the period, after zakat &amp; tax, attributable to shareholders</b>		<b>10,523</b>	<b>(3,157)</b>	<b>14,063</b>	<b>(33,612)</b>
<b>Weighted average number of ordinary shares outstanding (in thousands)</b>	14	<b>29,100</b>	<b>29,100</b>	<b>29,100</b>	<b>27,961</b>
<b>Basic and diluted earning /(loss) per share for the period (SAR)</b>		<b>0.36</b>	<b>(0.11)</b>	<b>0.48</b>	<b>(1.20)</b>

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



Managing Director



Chief Executive Officer



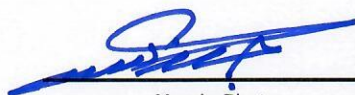
Chief Financial Officer

The accompanying notes 1 to 15 form an integral part of these interim condensed financial statements.

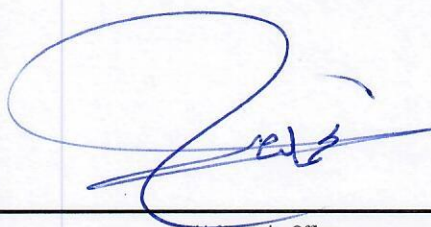
ALLIED COOPERATIVE INSURANCE GROUP (ACIG)  
(A SAUDI JOINT STOCK COMPANY)  
INTERIM STATEMENT OF COMPREHENSIVE INCOME - (UNAUDITED)  
FOR THE THREE AND SIX MONTH PERIODS ENDED 30 JUNE 2023

		SAR'000			
		For the three month period ended		For the six month period ended	
Notes		30 June 2023	30 June 2022 (Restated)*	30 June 2023	30 June 2022 (Restated)*
	Net profit / (loss) attributed to the shareholders after zakat and income tax	10,523	(3,157)	14,063	(33,612)
	Other comprehensive income:				
	<i>Items that will not be reclassified to statement of income in subsequent years</i>				
	Actuarial gain / loss for end-of-service benefits	-	-	-	-
	Investments at fair value through Other comprehensive income	-	(4,750)	-	(2,904)
	- Net change in fair value of FVOCI Investments	-	-	-	-
	<i>Items that may be reclassified to statement of income in subsequent years</i>				
	Total other comprehensive income for the period	-	(4,750)	-	(2,904)
	Total comprehensive income / (loss) for the period	10,523	(7,907)	14,063	(36,516)

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



Managing Director



Chief Executive Officer



Chief Financial Officer

The accompanying notes 1 to 15 form an integral part of these interim condensed financial statements.



**ALLIED COOPERATIVE INSURANCE GROUP (ACIG)**  
**(A SAUDI JOINT STOCK COMPANY)**  
**INTERIM STATEMENT OF CHANGES IN EQUITY - (UNAUDITED)**  
**FOR THE THREE AND SIX MONTH PERIODS ENDED 30 JUNE 2023**

**30 June 2023**

Balance as at 01 January 2023 , as previously reported

Transition adjustment on initial application of IFRS 17, net of Zakat and tax  
Transition adjustment on initial application of IFRS 09, net of Zakat and tax  
Restated balance as at 1 January 2023

Sale of investments measured at fair value through OCI  
Net Profit for the period attributable to the shareholders  
Total comprehensive (loss) / income

Balance as at 30 June 2023

SAR'000				
Share capital	Accumulated losses	Fair value reserve for investments	Re-measurement reserve of employees' terminal benefits	Total
291,000	(132,191)	5,934	(2,432)	162,311
-	(11,094)	-	-	(11,094)
-	(87)	37,780	-	37,693
291,000	(143,372)	43,714	(2,432)	188,910
-	5,934	(5,934)	-	-
-	14,063	-	-	14,063
-	19,997	(5,934)	-	14,063
291,000	(123,375)	37,780	(2,432)	202,973

**30 June 2022**

Balance as at 01 January 2022 , as previously reported

Transition adjustment on initial application of IFRS 17, net of Zakat and tax  
Transition adjustment on initial application of IFRS 09, net of Zakat and tax  
Restated balance as at 1 January 2022

Change in fair value reserve on available-for-sale investments (Restated)  
Increase in share capital through right issue  
Net Profit for the period attributable to the shareholders (Restated)  
Total comprehensive (loss) / income

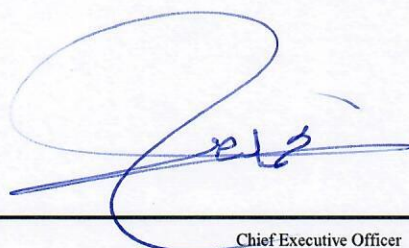
Balance as at 30 June 2022 (Restated)

141,000	(116,015)	8,588	(1,537)	32,036
-	(6,856)	-	-	(6,856)
-	(279)	35,109	-	34,830
141,000	(123,150)	43,697	(1,537)	60,010
-	-	-	-	-
150,000	-	-	-	150,000
-	(33,612)	-	-	(33,612)
150,000	(33,612)	-	-	116,388
291,000	(156,762)	43,697	(1,537)	176,398

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



Managing Director



Chief Executive Officer



Chief Financial Officer

The accompanying notes 1 to 15 form an integral part of these interim condensed financial statements.



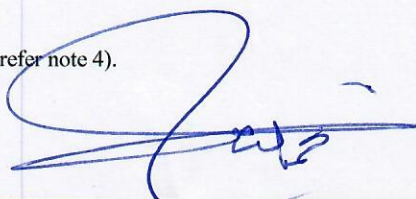
**ALLIED COOPERATIVE INSURANCE GROUP (ACIG)****(A SAUDI JOINT STOCK COMPANY)****INTERIM STATEMENT OF CASH FLOWS-(UNAUDITED)****FOR THE THREE AND SIX MONTH PERIODS ENDED 30 JUNE 2023**

	<b>SAR '000'</b>	
	<b>30 June 2023</b>	<b>30 June 2022 (Restated)*</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income/(loss) for the period before zakat	19,293	(43,044)
<b>Adjustments for non-cash items:</b>		
Depreciation of property and equipment	891	694
Depreciation on right of use assets	1,339	1,582
Finance cost of lease liability	19	70
Amortisation of intangible assets	826	360
Gain on disposal of investments measured at fair value through other comprehensive income	(113)	-
Employees' terminal benefits	1,699	721
Impairment loss on financial assets	66	297
Finance income	(962)	(550)
	<b>23,058</b>	<b>(39,870)</b>
<b>Changes in operating assets and liabilities:</b>		
Insurance contract liabilities	78,805	50,250
Reinsurance contract assets	(649)	2,507
reinsurance contract liabilities	-	960
Prepayments and other receivables	(4,367)	(7,964)
	<b>96,847</b>	<b>5,883</b>
Employees' terminal benefits paid	(538)	(1,887)
Zakat paid during the period	(6,659)	-
<b>Net cash generated from/ (used in) operating activities</b>	<b>89,650</b>	<b>3,996</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(58)	(541)
Proceeds from disposal of property and equipment	-	646
Purchase of intangible assets	(1,864)	(708)
Placement of term deposits	-	(1,281)
Proceed from sale of Investments measured at fair value through other comprehensive income	27,509	-
<b>Net cash generated from / (used in) investing activities</b>	<b>25,587</b>	<b>(1,884)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Issuance of share capital	-	150,000
Payment of lease liability	(1,334)	(2,082)
<b>Net cash (used in) / generated from financing activities</b>	<b>(1,334)</b>	<b>147,918</b>
Net increase in cash and cash equivalents	113,903	150,030
Cash and cash equivalents, beginning of the period	484,331	52,934
<b>Cash and cash equivalents, end of the period</b>	<b>598,234</b>	<b>202,964</b>
<b>NON-CASH INFORMATION</b>		
Additions in right of use assets	-	2,747
Change in the fair value of the investments	(2,904)	1,846

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



Managing Director



Chief Executive Officer



Chief Financial Officer

The accompanying notes 1 to 15 form an integral part of these interim condensed financial statements.

**ALLIED COOPERATIVE INSURANCE GROUP (ACIG)****(A SAUDI JOINT STOCK COMPANY)****NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS  
FOR THE THREE AND SIX MONTH PERIODS ENDED 30 JUNE 2023****1 ORGANIZATION AND PRINCIPAL ACTIVITIES**

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

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

The Company has 3 registered branches as set out below:

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

**Proposed Merger**

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

**2 BASIS OF PREPARATION****(a) Statement of compliance**

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

The Company income for the six- months period ended 30 June 2023 of SAR 14.06 million (30 June 2022: Loss for the six- months period ended was SAR 33.61 million) and, as of that date, the accumulated losses of the Company as at 30 June 2023 are 42.39 % of its share capital (31 December 2022: 49.26%) and the solvency margin of the Company reached to 103.88% (31 December 2022: -87%). These events and conditions indicate a material uncertainty on the Company's ability to continue as a going concern. However, various strategic options were considered by the Company's Board of Directors. Based on the above, the Company's management has assessed its ability to continue as a going concern and is satisfied that the Company's operations shall continue for the foreseeable future under the normal course of business.

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

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

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

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

**(b) Critical accounting judgments, estimates and assumptions**

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

**Insurance Contracts**

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

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



### **3 SIGNIFICANT ACCOUNTING POLICIES**

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

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

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

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

#### **b) Significant accounting policies, including key judgments and estimates**

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

IFRS 17 replaces IFRS 4 Insurance Contracts and is effective for annual periods beginning on or after 1 January 2023, with early adoption permitted. IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts, reinsurance contracts and investment contracts with direct participation features (“DPF”). The Company has applied the full retrospective approach to each group of insurance contracts.

The Company issues insurance contracts that transfer insurance risk. Insurance contracts are those contracts where the insurer accepts significant insurance risk from the policyholder by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder. Cash flows from insurance contracts are split into Liability for Incurred Claims (“LIC”) and Liability for Remaining Coverage (“LRC”).

##### **Unit of account and measurement model**

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

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

The liability for remaining coverage includes:

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

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

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

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

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

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

**Initial and subsequent measurement**

Group of insurance contracts issued are initially recognised from the earliest of the following:

- the beginning of the coverage period;
- the date when the first payment from the policyholder is due or actually received, if there is no due date; and
- when the Company determines that a Group of contracts becomes onerous.

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

The carrying amount of a Group of insurance contracts issued at the end of each reporting period is the sum of:

- a. the LRC; and
- b. the LIC, comprising the fulfillment cash flows (“FCF”) related to past service allocated to the Group at the reporting date.

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

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

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

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

**Liability for Incurred Claims “LIC”**

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

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

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



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

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

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

**Liability for Incurred Claims “LIC”-(Continued)**

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

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

**Contract boundary**

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

Cash flows are within the boundary of an insurance contract if they arise from the rights and obligations that exist during the period in which the policyholder is obligated to pay premiums or the Company has a substantive obligation to provide the policyholder with insurance contract services. A substantive obligation ends when:

- a. the Company has the practical ability to reprice the risks of the particular policyholder or change the level of benefits so that the price fully reflects those risks; or
- b. both of the following criteria are satisfied:
  - i. the Company has the practical ability to reprice the contract or a portfolio of contracts so that the price fully reflects the reassessed risk of that portfolio; and
  - ii. the pricing of premiums up to the date when risks are reassessed does not reflect the risks related to periods beyond the reassessment date.

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

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

**Insurance acquisition costs and directly attributable expenses**

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

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

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

**Other operating expenses**

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

**Insurance revenue**

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

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

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

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

**Insurance Service expenses**

Insurance service expenses include the following:

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

**Onerous contract**

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

**Risk adjustment for non-financial risk**

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

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

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

**Financial assets – Classification**

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

**Financial assets at amortized cost**

Debt Instruments:

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

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

**Financial assets at FVOCI**

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognized in Other Comprehensive Income (OCI). Interest income and foreign exchange gains and losses are recognized in the statement of income.

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



**3 SIGNIFICANT ACCOUNTING POLICIES-(CONTINUED)****b) Significant accounting policies, including key judgments and estimates-(continued)****(ii) IFRS 9 – accounting policies, including key judgments and estimates (continued)****Financial assets at FVTPL**

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

**Business model assessment:**

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

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

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

**Financial assets – Measurement**

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

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

***Debt instruments:***

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

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

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

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

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

**Financial assets – Measurement (Continued)**

*Equity instruments*

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

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

**Financial assets – Impairment**

**Overview of Expected Credit Loss ("ECL") principles**

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

The Company recognizes loss allowances for ECL on the following financial instruments that are not measured at fair value:

- Financial assets that are debt instruments
- Deposits and bank balances
- Other receivables balances

No impairment loss is recognized on equity instruments.

The Company measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- debt investment securities that are determined to have low credit risk at the reporting date; and
- other financial instruments on which credit risk has not increased significantly since their initial recognition.

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

**Staging of financial assets**

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

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

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

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

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

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

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

**Financial assets – Impairment (Continued)**

Credit impaired financial asset

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

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

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

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

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

Definition of default

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

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

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

ECL methodology and measurement

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

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

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

Probability of Default ('PD')

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

Loss Given Default ('LGD')

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

Exposure at Default ('EAD')

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



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

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

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

**Financial assets – Impairment (Continued)**

Forward looking estimate

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

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

Loss allowances for ECL are presented in the interim condensed statement of financial position as follows:

- financial assets measured at amortized cost: as a deduction from the gross carrying amount of the assets.
- debt instruments measured at FVOCI: no loss allowance is recognized in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognized in the fair value reserve.

**Financial liabilities**

Classification and derecognition of financial liabilities

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

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

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

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

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

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

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

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

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

**Remeasurement impact on the interim condensed statement of financial position on adoption of IFRS 17****Impact on Equity:**

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

**Impact on Insurance Contract Liabilities:**

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

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

Impact on Reinsurance Contract Assets:

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

**Reclassification impact on the interim condensed statement of financial position on adoption of IFRS 9**

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

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

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

**Remeasurement impact on the interim condensed statement of financial position on adoption of IFRS 9**

Impairment of financial assets

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

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



NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS-(CONTINUED)  
FOR THE THREE AND SIX MONTH PERIODS ENDED 30 JUNE 2023

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

RECONCILIATION OF INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 01 JANUARY 2022

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS-(CONTINUED)  
FOR THE THREE AND SIX MONTH PERIODS ENDED 30 JUNE 2023

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

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

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

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

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

The line-item descriptions in the interim condensed statement of income have been changed significantly compared with prior year. Previously, the Company reported the following line items:

- Gross premiums written
- Reinsurance premiums ceded
- Excess of loss expenses
- Changes in unearned premiums, net
- Reinsurance commissions earned
- Other underwriting income
- Gross claims paid
- Reinsurers' share of claims paid
- Changes in outstanding claims, net
- Changes in claims incurred but not reported, net
- Changes in premium deficiency reserve
- Changes in other technical reserves
- Policy acquisition costs
- Allowance for doubtful receivables
- General and administrative expenses

Instead, IFRS 17 requires separate presentation of:

- Insurance service revenue
- Insurance service expenses
- Allocation of reinsurance premiums
- Amount recoverable from reinsurance
- Net investment income.
- Other operating expenses.

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

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

- Unattributed expenses including amortization of expenses amounting to SR 29.112 million;
- Loss component on onerous contract amounting to SR 4.45 million; and
- ECL provision impact on LRC amounting to SR 475 thousands.

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

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



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

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

**FOR THE THREE AND SIX MONTH PERIODS ENDED 30 JUNE 2023**

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

**RECONCILIATION OF INTERIM CONDENSED STATEMENT OF INCOME FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2022**

	SAR '000					
	For the six months period ended 30 June 2022 (unaudited)					
	Pre-adoption of IFRS 17 & IFRS 9	IFRS-17 Reclassification	IFRS-9 Remeasurement	IFRS-9 Reclassification	IFRS-9 Remeasurement	Post-adoption of IFRS 17 & IFRS 9
<b>REVENUES</b>						
Gross written Premiun	346,923	(346,923)	-	-	-	-
Reinsurance premiums ceded						
-Local	(637)	637	-	-	-	-
-Foreign	(53,925)	53,925	-	-	-	-
	(54,562)	54,562	-	-	-	-
Excess of loss expenses						
-Local	(416)	416	-	-	-	-
-Foreign	(516)	516	-	-	-	-
	(932)	932	-	-	-	-
Net written premiums	291,429	(291,429)	-	-	-	-
Changes in unearned premiums, net	(23,998)	23,998	-	-	-	-
<b>Net premiums earned</b>	<b>267,431</b>	<b>(267,431)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Re-insurance commissions earned	2,181	(2,181)	-	-	-	-
Other underwriting income	1,789	-	(1,789)	-	-	-
<b>TOTAL REVENUES</b>	<b>271,401</b>	<b>(269,612)</b>	<b>(1,789)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>UNDERWRITING COSTS AND EXPENSES</b>						
Gross claims paid	238,330	(238,330)	-	-	-	-
Reinsurers' share of claims paid	(22,358)	22,358	-	-	-	-
<b>Net claims paid</b>	<b>215,972</b>	<b>(215,972)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Changes in outstanding claims, net	8,349	(8,349)	-	-	-	-
Changes in claims incurred but not reported, net	11,459	(11,459)	-	-	-	-
<b>Net claims incurred</b>	<b>235,780</b>	<b>(235,780)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Change in other technical reservses	385	(385)	-	-	-	-
Change in premium deficiency reserve	(4,844)	4,844	-	-	-	-
Policy acquisition costs	36,215	(36,215)	-	-	-	-
Other underwriting expenses	702	(702)	-	-	-	-
<b>TOTAL UNDERWRITING COSTS AND EXPENSES</b>	<b>268,238</b>	<b>(268,238)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET UNDERWRITING INCOME</b>	<b>3,163</b>	<b>(1,374)</b>	<b>(1,789)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Insurance revenue	-	310,966	(476)	-	-	310,490
Insurance service expenses	-	(295,974)	(36,404)	-	-	(332,378)
<b>Insurance service result before reinsurance contracts held</b>	<b>-</b>	<b>14,992</b>	<b>(36,880)</b>	<b>-</b>	<b>-</b>	<b>(21,888)</b>
Allocation of reinsurance premiums	-	(41,934)	-	-	-	(41,934)
Amounts recoverable from reinsurance	-	27,735	681	-	-	28,416
<b>Net expenses / (income) from reinsurance contracts held</b>	<b>-</b>	<b>(14,199)</b>	<b>681</b>	<b>-</b>	<b>-</b>	<b>(13,518)</b>
<b>Insurance service result</b>	<b>-</b>	<b>793</b>	<b>(36,199)</b>	<b>-</b>	<b>-</b>	<b>(35,406)</b>
Finance income/(expenses) from insurance contracts issued	-	-	513	-	-	513
Finance income/(expenses) from reinsurance contracts held	-	-	37	-	-	37
<b>Net insurance finance income/(expenses)</b>	<b>-</b>	<b>-</b>	<b>550</b>	<b>-</b>	<b>-</b>	<b>550</b>
<b>NET INSURANCE RESULT</b>	<b>-</b>	<b>793</b>	<b>(35,649)</b>	<b>-</b>	<b>-</b>	<b>(34,856)</b>

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

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

**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023**

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

**RECONCILIATION OF INTERIM CONDENSED STATEMENT OF INCOME FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2022**

	SAR '000					
	For the six months period ended 30 June 2022 (unaudited)					
	Pre-adoption of IFRS 17 & IFRS 9	IFRS-17		IFRS-9		Post-adoption of IFRS 17 & IFRS 9
		Reclassification	Remeasurement	Reclassification	Remeasurement	
<b><u>OTHER OPERATING (EXPENSES) / INCOME</u></b>						
Allowance for doubtful debts	(2,369)	2,369	-	-	-	-
General and administrative expenses	(39,847)	29,112	-	-	-	(10,735)
Commission income on deposits	1,835	-	-	-	-	1,835
Investment income	1,009	-	-	-	-	1,009
Net impairment loss on financial assets	-	-	-	-	(297)	(297)
<b><u>TOTAL OTHER OPERATING EXPENSES</u></b>	<b>(39,372)</b>	31,481	-	-	(297)	<b>(8,188)</b>
<b>TOTAL LOSS FOR THE PERIOD BEFORE ZAKAT AND INCOME TAX AND SURPLUS DISTRIBUTION</b>	<b>(36,209)</b>	30,900	(37,438)	-	(297)	<b>(43,044)</b>
Zakat reversal for the period	9,432	-	-	-	-	9,432
<b>LOSS FOR THE PERIOD</b>	<b>(26,777)</b>	30,900	(37,438)	-	(297)	<b>(33,612)</b>
<b>OTHER COMPREHENSIVE LOSS</b>						
<b>ITEMS THAT ARE OR MAY NOT BE RECLASSIFIED TO STATEMENTS OF INCOME IN SUBSEQUENT PERIOD</b>						
Available-for-sale investments:						
-Net change in fair value	(2,904)	-	-	-	-	(2,904)
<b>TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE PERIOD</b>	<b>(29,681)</b>	30,900	(37,438)	-	(297)	<b>(36,516)</b>

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

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

**FOR THE THREE AND SIX MONTH PERIODS ENDED 30 JUNE 2023**

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

**RECONCILIATION OF INTERIM CONDENSED STATEMENT OF INCOME FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2022**

	SAR '000					
	For the three month period ended 30 June 2022 (unaudited)					
	Pre-adoption of IFRS 17 & IFRS 9	IFRS-17 Reclassification	IFRS-9 Remeasurement	IFRS-9 Reclassification	IFRS-9 Remeasurement	Post-adoption of IFRS 17 & IFRS 9
<b><u>REVENUES</u></b>						
Gross written Premium	169,085	(169,085)	-	-	-	-
Reinsurance premiums ceded						
-Local	503	(503)	-	-	-	-
-Foreign	(29,552)	29,552	-	-	-	-
	(29,049)	29,049	-	-	-	-
Excess of loss expenses						
-Local	(322)	322	-	-	-	-
-Foreign	(144)	144	-	-	-	-
	(466)	466	-	-	-	-
Net written premiums	139,570	(139,570)	-	-	-	-
Changes in unearned premiums, net	(2,336)	2,336	-	-	-	-
<b>Net premiums earned</b>	<b>137,234</b>	<b>(137,234)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Re-insurance commissions earned	1,372	(1,372)	-	-	-	-
Other underwriting income	1,789	-	(1,789)	-	-	-
<b>TOTAL REVENUES</b>	<b>140,395</b>	<b>(138,606)</b>	<b>(1,789)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b><u>UNDERWRITING COSTS AND EXPENSES</u></b>						
Gross claims paid	109,033	(109,033)	-	-	-	-
Reinsurers' share of claims paid	(11,598)	11,598	-	-	-	-
<b>Net claims paid</b>	<b>97,435</b>	<b>(97,435)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Changes in outstanding claims, net	5,059	(5,059)	-	-	-	-
Changes in claims incurred but not reported, net	15,958	(15,958)	-	-	-	-
<b>Net claims incurred</b>	<b>118,452</b>	<b>(118,452)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Change in other technical reserves	419	(419)	-	-	-	-
Change in premium deficiency reserve	(9,163)	9,163	-	-	-	-
Policy acquisition costs	17,605	(17,605)	-	-	-	-
Other underwriting expenses	16	(16)	-	-	-	-
<b>TOTAL UNDERWRITING COSTS AND EXPENSES</b>	<b>127,329</b>	<b>(127,329)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET UNDERWRITING INCOME</b>	<b>13,066</b>	<b>(11,277)</b>	<b>(1,789)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Insurance revenue	-	163,473	(968)	-	-	162,505
Insurance service expenses	-	(141,676)	(17,056)	-	-	(158,732)
<b>Insurance service result before reinsurance contracts held</b>	<b>-</b>	<b>21,797</b>	<b>(18,024)</b>	<b>-</b>	<b>-</b>	<b>3,773</b>
Allocation of reinsurance premiums	-	(24,446)	-	-	-	(24,446)
Amounts recoverable from reinsurance	-	14,345	(468)	-	-	13,877
<b>Net expenses / (income) from reinsurance contracts held</b>	<b>-</b>	<b>(10,101)</b>	<b>(468)</b>	<b>-</b>	<b>-</b>	<b>(10,569)</b>
<b>Insurance service result</b>	<b>-</b>	<b>11,696</b>	<b>(18,492)</b>	<b>-</b>	<b>-</b>	<b>(6,796)</b>
Finance income/(expenses) from insurance contracts issued	-	-	57	-	-	57
Finance income/(expenses) from reinsurance contracts held	-	-	71	-	-	71
<b>Net insurance finance income/(expenses)</b>	<b>-</b>	<b>-</b>	<b>128</b>	<b>-</b>	<b>-</b>	<b>128</b>
<b>NET INSURANCE RESULT</b>	<b>-</b>	<b>11,696</b>	<b>(18,364)</b>			<b>(6,668)</b>

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

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

**FOR THE THREE AND SIX MONTH PERIODS ENDED 30 JUNE 2023**

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

**RECONCILIATION OF INTERIM CONDENSED STATEMENT OF INCOME FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2022**

	SAR '000					
	For the three month period ended 30 June 2022 (unaudited)					
	Pre-adoption of IFRS 17 & IFRS 9	IFRS-17		IFRS-9		Post-adoption of IFRS 17 & IFRS 9
		Reclassification	Remeasurement	Reclassification	Remeasurement	
<b><u>OTHER OPERATING (EXPENSES) / INCOME</u></b>						
Allowance for doubtful debts	(1,370)	1,370	-	-	-	-
General and administrative expenses	(20,027)	13,993	-	-	-	(6,034)
Commission income on deposits	1,199	-	-	-	-	1,199
Investment income	505	-	-	-	-	505
Net impairment loss on financial assets	-	-	-	-	(91)	(91)
<b><u>TOTAL OTHER OPERATING EXPENSES</u></b>	<b>(19,693)</b>	<b>15,363</b>	<b>-</b>	<b>-</b>	<b>(91)</b>	<b>(4,421)</b>
<b>TOTAL LOSS FOR THE PERIOD BEFORE ZAKAT AND INCOME TAX AND SURPLUS DISTRIBUTION</b>	<b>(6,627)</b>	<b>15,782</b>	<b>(20,153)</b>	<b>-</b>	<b>(91)</b>	<b>(11,089)</b>
Zakat reversal for the period	7,932	-	-	-	-	7,932
<b>LOSS FOR THE PERIOD</b>	<b>1,305</b>	<b>15,782</b>	<b>(20,153)</b>	<b>-</b>	<b>(91)</b>	<b>(3,157)</b>
<b>OTHER COMPREHENSIVE LOSS</b>						
<b>ITEMS THAT ARE OR MAY NOT BE RECLASSIFIED TO STATEMENTS OF INCOME IN SUBSEQUENT PERIOD</b>						
Available-for-sale investments:						
-Net change in fair value	(4,750)	-	-	-	-	(4,750)
<b>TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE PERIOD</b>	<b>(3,445)</b>	<b>15,782</b>	<b>(20,153)</b>	<b>-</b>	<b>(91)</b>	<b>(7,907)</b>

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

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



**ALLIED COOPERATIVE INSURANCE GROUP (ACIG)**
**(A SAUDI JOINT STOCK COMPANY)**
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS-(CONTINUED)**
**FOR THE THREE AND SIX MONTH PERIODS ENDED 30 JUNE 2023**
**5 CASH AND CASH EQUIVALENTS**

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

		<b>SAR'000</b>		
		<b>30 June 2023 (Unaudited)</b>	31 December 2022 (Restated)* (Unaudited)	01 January 2022 (Restated)* (Unaudited)
<b>Insurance operations</b>				
Bank balances and cash		6,372	30,189	49,928
Deposits maturing within 3 month from the acquisition date	5.1	483,387	373,084	3,045
		489,759	403,273	52,973
<b>Shareholders' operations</b>				
Bank balances and cash		21,336	3,167	-
Deposits maturing within 3 month from the acquisition date	5.1	87,292	77,978	-
		108,628	81,145	-
<i>Less: Impairment Allowance</i>		(153)	(87)	(39)
		<b>598,234</b>	<b>484,331</b>	<b>52,934</b>

**5.1** Term deposits are held with the commercial banks. These term deposits are denominated in Saudi Arabian Riyals and have an original maturity of less than three months. The carrying amounts of these term deposits reasonably approximate their fair values at the reporting date. These deposit earn commission at an average of **5.68%** per annum as at 30 June 2023. (31 December 2022: 3.34%).

**6 TERM DEPOSITS**

		<b>SAR'000</b>		
		<b>30 June 2023 (Unaudited)</b>	31 December 2022 (Restated)* (Unaudited)	01 January 2022 (Restated)* (Unaudited)
<b>Insurance operations</b>				
Term deposits	6.1	-	-	182,367
		-	-	182,367
<b>Shareholders' operations</b>				
Term deposits	6.1	-	-	-
		-	-	-
<i>Less: Impairment</i>		-	-	(240)
		-	-	182,127

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

**ALLIED COOPERATIVE INSURANCE GROUP (ACIG)**
**(A SAUDI JOINT STOCK COMPANY)**
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS-(CONTINUED)**
**FOR THE THREE AND SIX MONTH PERIODS ENDED 30 JUNE 2023**
**7 INSURANCE AND REINSURANCE CONTRACTS**

	SAR'000				
	Medical	Motor	General Accident	Others	Total
<b>30 June 2023</b>					
<b>Insurance contracts</b>					
– <i>Insurance contract balances</i>					
– Insurance contract liabilities	89,943	482,633	1,757	53,027	627,360
– Insurance contract assets	-	-	-	-	-
	89,943	482,633	1,757	53,027	627,360
– <i>Reinsurance contracts</i>					
- Reinsurance contract assets	34,861	4,717	359	23,218	63,155
Reinsurance contract liabilities	-	-	-	-	-
<b>Net insurance contract liabilities</b>	<b>55,082</b>	<b>477,916</b>	<b>1,398</b>	<b>29,809</b>	<b>564,205</b>
<b>7.1 Movements in insurance and reinsurance contract balances</b>					
<b>Opening Balance (Total)</b>	<b>59,388</b>	<b>372,797</b>	<b>52,025</b>	<b>109</b>	<b>484,319</b>
<i>Insurance contract balances</i>					
– Insurance contract assets					
– Insurance contract liabilities	92,347	382,254	64,603	7,621	546,825
<i>Reinsurance contracts</i>					
– Reinsurance contract assets	32,959	9,457	12,578	7,512	62,506
– Reinsurance contract liabilities					
<b>Excluding loss component</b>	<b>34,555</b>	<b>234,219</b>	<b>21,724</b>	<b>3,079</b>	<b>293,577</b>
<i>Insurance contract balances</i>					
– Insurance contract assets					
– Insurance contract liabilities	45,819	234,219	22,959	4,014	307,011
<i>Reinsurance contracts</i>					
– Reinsurance contract assets	11,264	-	1,235	935	13,434
– Reinsurance contract liabilities					
<b>Loss component</b>	<b>846</b>	<b>20,325</b>	<b>-</b>	<b>-</b>	<b>21,171</b>
<i>Insurance contract balances</i>					
– Insurance contract assets					
– Insurance contract liabilities	1,538	20,325	-	-	21,863
<i>Reinsurance contracts</i>					
– Reinsurance contract assets	692	-	-	-	692
– Reinsurance contract liabilities					
<b>Liabilities for incurred claims (LIC)</b>	<b>23,987</b>	<b>118,253</b>	<b>30,301</b>	<b>(2,970)</b>	<b>169,571</b>
<i>Insurance contract balances</i>					
– Insurance contract assets					
– Insurance contract liabilities	44,990	127,710	41,644	3,607	217,951
<i>Reinsurance contracts</i>					
– Reinsurance contract assets	21,003	9,457	11,343	6,577	48,380
– Reinsurance contract liabilities					

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**FOR THE THREE AND SIX MONTH PERIODS ENDED 30 JUNE 2023**
**7 INSURANCE AND REINSURANCE CONTRACTS-(CONTINUED)**
**7.1 Movements in insurance and reinsurance contract balances-(Continued)**
*Insurance contracts*
*Analysis by remaining coverage and incurred claims*
**30 June 2023**

	SAR'000				
	Liability for Remaining Coverage (LFRC)		Liability for Remaining Coverage (LIC)		
	Excluding loss Component	Loss Component	Estimate of present value of cash flows	Risk Adjustment for non financial risk	Total
<b>Insurance contracts Issued</b>					
Opening insurance contract liabilities	307,011	21,863	212,230	5,721	546,825
<b>Insurance Revenue</b>	(474,394)	-	-	-	(474,394)
<b>Insurance service expenses</b>					
Incurred claims and other directly attributable expenses	-	-	352,831	6,167	358,998
Losses on onerous contracts and reversal of those losses	-	(16,962)	-	-	(16,962)
Changes that relate to past service - adjustments to the LIC	-	-	14,097	(4,608)	9,489
Insurance acquisition cash flows amortization	89,542	-	-	-	89,542
<b>Insurance service expenses</b>	<b>89,542</b>	<b>(16,962)</b>	<b>366,928</b>	<b>1,559</b>	<b>441,067</b>
<b>Insurance service result</b>	<b>(384,852)</b>	<b>(16,962)</b>	<b>366,928</b>	<b>1,559</b>	<b>(33,327)</b>
<b>Net finance expenses from insurance contracts</b>	<b>-</b>	<b>523</b>	<b>(1,102)</b>	<b>(49)</b>	<b>(628)</b>
<b><u>Cash flows</u></b>					
Premiums received	515,312	-	-	-	515,312
Claims paid	-	-	(289,262)	-	(289,262)
Other directly attributable expenses paid	-	-	(23,087)	-	(23,087)
Insurance acquisition cash flows paid	(88,473)	-	-	-	(88,473)
<b>Total cash flows</b>	<b>426,839</b>	<b>-</b>	<b>(312,349)</b>	<b>-</b>	<b>114,490</b>
<b>Closing insurance contract liabilities</b>	<b>348,998</b>	<b>5,424</b>	<b>265,707</b>	<b>7,231</b>	<b>627,360</b>

**ALLIED COOPERATIVE INSURANCE GROUP (ACIG)**  
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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS-(CONTINUED)**  
**FOR THE THREE AND SIX MONTH PERIODS ENDED 30 JUNE 2023**

**7 INSURANCE AND REINSURANCE CONTRACTS-(CONTINUED)**

**31 December 2022**

**Insurance contracts**

**– Insurance contract balances**

- Insurance contract liabilities
- Insurance contract assets

**– Reinsurance contracts**

- Reinsurance contract assets
- Reinsurance contract liabilities
- Net insurance contract liabilities**

SAR'000				
Medical	Motor	General Accident	Others	Total
92,347	382,254	64,490	7,734	546,825
-	-	-	-	-
92,347	382,254	64,490	7,734	546,825
32,959	9,457	12,578	7,512	62,506
-	-	-	-	-
59,388	372,797	51,912	222	484,319

**7.2 Movements in insurance and reinsurance contract balances**

**Opening Balance (Total)**

*Insurance contract balances*

- Insurance contract assets
- Insurance contract liabilities

*Reinsurance contracts*

- Reinsurance contract assets
- Reinsurance contract liabilities

**Excluding loss component**

*Insurance contract balances*

- Insurance contract assets
- Insurance contract liabilities

*Reinsurance contracts*

- Reinsurance contract assets
- Reinsurance contract liabilities

**Loss component**

*Insurance contract balances*

- Insurance contract assets
- Insurance contract liabilities

*Reinsurance contracts*

- Reinsurance contract assets
- Reinsurance contract liabilities

**Liabilities for incurred claims (LIC)**

*Insurance contract balances*

- Insurance contract assets
- Insurance contract liabilities

*Reinsurance contracts*

- Reinsurance contract assets
- Reinsurance contract liabilities

65,348	223,641	42,054	3,673	334,716
86,074	233,981	48,249	10,249	378,553
20,726	10,340	6,195	6,576	43,837
32,923	113,704	12,982	2,460	162,069
38,024	113,704	13,969	5,066	170,763
5,101	-	987	2,606	8,694
1,600	46,314	-	(1)	47,913
2,461	46,314	-	(1)	48,774
861	-	-	-	861
30,825	63,623	29,072	1,214	124,734
45,589	73,963	34,280	5,184	159,016
14,764	10,340	5,208	3,970	34,282



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**FOR THE THREE AND SIX MONTH PERIODS ENDED 30 JUNE 2023**
**7.2 Movements in insurance and reinsurance contract balances-(Continued)**
*Insurance contracts*
*Analysis by remaining coverage and incurred claims*
**31 December 2022**

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

7 INSURANCE AND REINSURANCE CONTRACTS-(CONTINUED)

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

Analysis by remaining coverage and incurred claims for reinsurance contracts

**30 June 2023**

	Asset for remaining Coverage		Assets for Incurred claims		
	Excluding loss Component	Loss Recovery Component	Estimate of present value of cash flows	Risk Adjustment for non financial risk	Total
<b>Reinsurance contracts held:</b>					
Opening reinsurance contract assets	13,434	692	47,880	500	62,506
Opening reinsurance contract liabilities	-	-	-	-	-
Net opening Balance	13,434	692	47,880	500	62,506
Amounts allocated to reinsurance	(47,222)	-	-	-	(47,222)
Amounts recoverable from reinsurance	-	(282)	29,587	(63)	29,242
<b>Reinsurance service result</b>	(47,222)	(282)	29,587	(63)	(17,980)
<b>Net finance expenses from insurance contracts</b>	-	149	185	-	334
<b>Cash flows</b>					
Premiums paid	(57,085)	-	-	-	(57,085)
Claims received	-	-	36,465	-	36,465
Fixed commission received	2,325	-	-	-	2,325
<b>Total cash flows</b>	(54,760)	-	36,465	-	(18,295)
<b>Closing insurance contract liabilities</b>	20,972	559	41,187	437	63,155
Closing reinsurance contract liabilities	-	-	-	-	-
Closing reinsurance contract assets	20,972	559	41,187	437	63,155
<b>Net closing balance</b>	20,972	559	41,187	437	63,155

**31 December 2022**

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

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**FOR THE THREE AND SIX MONTH PERIODS ENDED 30 JUNE 2023**
**8 INVESTMENTS**

SAR'000		
30 June 2023 (Unaudited)	31 December 2022 (Restated)* (Unaudited)	01 January 2022 (Restated)* (Unaudited)
39,703	67,099	65,830
20,000	20,000	20,000
59,703	87,099	85,830

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

Listed Equity Securities	-	27,396	28,798
Unlisted Equity Securities	39,703	39,703	37,032
	<b>39,703</b>	<b>67,099</b>	<b>65,830</b>

**Opening balance as at 01 January (restated)**

-Listed Equity Securities	27,396	28,798	27,336
-Unlisted Equity Securities	39,703	37,032	1,923
	<b>67,099</b>	<b>65,830</b>	<b>29,259</b>

Add: Additions during the period/year

- 1,252 -

Less: Disposals during the period/year

(27,396) - -

Add/(less): fair value measurement change during the period/year

-Listed Equity Securities	-	(2,654)	1,462
-Unlisted Equity Securities	-	2,671	35,109
	-	17	36,571

**Closing Balance**

-Listed Equity Securities	-	27,396	28,798
-Unlisted Equity Securities	39,703	39,703	37,032
	<b>39,703</b>	<b>67,099</b>	<b>65,830</b>

8.2 Debt instruments at amortised cost comprises of the following;

Sukuk	20,000	20,000	20,000
	<b>20,000</b>	<b>20,000</b>	<b>20,000</b>

**9 STATUTORY DEPOSIT**

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

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

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**10 SEGMENTAL INFORMATION**

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

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

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

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

The segment information provided to the Company's Board of Directors for the reportable segments for the Company's total assets and liabilities at 30 June, 2023, its total revenues, expenses, and net income for period ended, are as follows:

**Gross premiums written**

Individual
Micro enterprise
Small
Medium
Large
<b>TOTAL GROSS PREMIUMS WRITTEN</b>

<b>For the six-months period ended 30 June 2023</b>			
<b>Medical</b>	<b>Motor</b>	<b>Properties and accident</b>	<b>Total</b>
<b>SAR'000</b>			
<b>1,791</b>	<b>371,153</b>	<b>13,459</b>	<b>386,403</b>
<b>41,727</b>	<b>9,690</b>	<b>349</b>	<b>51,766</b>
<b>18,125</b>	<b>14,579</b>	<b>3,009</b>	<b>35,713</b>
<b>13,650</b>	<b>506</b>	<b>7,285</b>	<b>21,441</b>
<b>7,691</b>	<b>381</b>	<b>6,519</b>	<b>14,591</b>
<b>82,984</b>	<b>396,309</b>	<b>30,621</b>	<b>509,914</b>

**Gross premiums written**

Individual
Micro enterprise
Small
Medium
Large
<b>TOTAL GROSS PREMIUMS WRITTEN</b>

<b>For the six-months period ended 30 June 2022</b>			
<b>Medical</b>	<b>Motor</b>	<b>Properties and accident</b>	<b>Total</b>
<b>SAR'000</b>			
944	195,183	9,146	205,273
53,222	2,512	395	56,129
25,377	1,511	2,126	29,014
11,870	492	7,148	19,510
29,689	153	7,155	36,997
121,102	199,851	25,970	346,923

**Gross premiums written**

Individual
Micro enterprise
Small
Medium
Large
<b>TOTAL GROSS PREMIUMS WRITTEN</b>

<b>For the three-months period ended 30 June 2023</b>			
<b>Medical</b>	<b>Motor</b>	<b>Properties and accident</b>	<b>Total</b>
<b>SAR'000</b>			
<b>845</b>	<b>158,760</b>	<b>7,698</b>	<b>167,303</b>
<b>18,892</b>	<b>3,851</b>	<b>131</b>	<b>22,874</b>
<b>7,141</b>	<b>4,675</b>	<b>1,634</b>	<b>13,450</b>
<b>5,974</b>	<b>260</b>	<b>5,139</b>	<b>11,373</b>
<b>2,668</b>	<b>279</b>	<b>5,116</b>	<b>8,063</b>
<b>35,520</b>	<b>167,825</b>	<b>19,718</b>	<b>223,063</b>

**Gross premiums written**

Individual
Micro enterprise
Small
Medium
Large
<b>TOTAL GROSS PREMIUMS WRITTEN</b>

<b>For the three-months period ended 30 June 2022</b>			
<b>Medical</b>	<b>Motor</b>	<b>Properties and accident</b>	<b>Total</b>
<b>SAR'000</b>			
312	90,730	4,216	95,258
27,399	1,270	118	28,787
14,606	600	1,138	16,344
8,884	297	3,489	12,670
11,063	-	4,963	16,026
62,264	92,897	13,924	169,085

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**10 SEGMENTAL INFORMATION (CONTINUED)**

	As at 30 June 2023 (Unaudited)						
	Medical	Motor	General Accident	Others	Total - Insurance Operations	Shareholders' Operations	Total
	SAR'000						
<b>Assets</b>							
Reinsurance contract assets	34,861	4,717	359	23,218	63,155	-	63,155
Cash and cash equivalents	-	-	-	-	489,606	108,628	598,234
Investments measured at fair value through other comprehensive income	-	-	-	-	-	39,703	39,703
Debt instruments at amortised cost.	-	-	-	-	-	20,000	20,000
Unallocated assets	-	-	-	-	85,477	48,086	133,563
							-
<b>Total assets</b>	<b>34,861</b>	<b>4,717</b>	<b>359</b>	<b>23,218</b>	<b>638,238</b>	<b>216,417</b>	<b>854,655</b>
<b>Liabilities</b>							
Insurance contract liabilities	89,943	482,633	1,757	53,027	627,360	-	627,360
Unallocated liabilities and equity	-	-	-	-	10,878	216,417	227,295
<b>Total liabilities and insurance operations` surplus</b>	<b>89,943</b>	<b>482,633</b>	<b>1,757</b>	<b>53,027</b>	<b>638,238</b>	<b>216,417</b>	<b>854,655</b>
	As at 31 December 2022 (restated) (un-audited)						
	Medical	Motor	General Accident	Others	Total - Insurance Operations	Shareholders' Operations	Total
	SAR'000						
<b>Assets</b>							
Reinsurance contract assets	32,959	9,457	12,578	7,512	62,506	-	62,506
Cash and cash equivalents	-	-	-	-	414,508	69,823	484,331
Investments measured at fair value through other comprehensive income	-	-	-	-	-	66,925	66,925
Debt instruments at amortised cost.	-	-	-	-	-	20,000	20,000
Unallocated assets	-	-	-	-	82,573	46,454	129,027
							-
<b>Total assets</b>	<b>32,959</b>	<b>9,457</b>	<b>12,578</b>	<b>7,512</b>	<b>559,587</b>	<b>203,202</b>	<b>762,789</b>
<b>Liabilities</b>							
Insurance contract liabilities	92,347	382,254	64,490	7,734	546,825	-	546,825
Unallocated liabilities and equity	-	-	-	-	12,762	203,202	215,964
<b>Total liabilities and insurance operations` surplus</b>	<b>92,347</b>	<b>382,254</b>	<b>64,490</b>	<b>7,734</b>	<b>559,587</b>	<b>203,202</b>	<b>762,789</b>
	As at 01 January, 2022 (restated) (un-audited)						
	Medical	Motor	General Accident	Others	Total - Insurance Operations	Shareholders' Operations	Total
	SAR'000						
<b>Assets</b>							
Reinsurance contract assets-net	20,726	10,340	6,195	6,576	43,837	-	43,837
Term deposits	-	-	-	-	182,127	-	182,127
Cash and cash equivalents	-	-	-	-	52,934	-	52,934
Investments measured at fair value through other comprehensive income	-	-	-	-	-	65,830	65,830
Debt instruments at amortised cost.	-	-	-	-	-	20,000	20,000
Unallocated assets	-	-	-	-	75,120	34,410	109,530
							-
<b>Total assets</b>	<b>20,726</b>	<b>10,340</b>	<b>6,195</b>	<b>6,576</b>	<b>393,927</b>	<b>120,240</b>	<b>474,258</b>
<b>Liabilities</b>							
Insurance contract liabilities	86,074	233,981	48,249	10,249	378,553	-	378,553
Unallocated liabilities and equity	-	-	-	-	15,374	80,331	95,705
<b>Total liabilities and insurance operations` surplus</b>	<b>86,074</b>	<b>233,981</b>	<b>48,249</b>	<b>10,249</b>	<b>393,927</b>	<b>120,240</b>	<b>474,258</b>



**ALLIED COOPERATIVE INSURANCE GROUP (ACIG)**
**(A SAUDI JOINT STOCK COMPANY)**
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS-(CONTINUED)**
**FOR THE THREE AND SIX MONTH PERIODS ENDED 30 JUNE 2023**
**10 SEGMENTAL INFORMATION (CONTINUED)**

	For the six-month period ended 30 June 2023					
	Medical	Motor	General Accident	Others	Total Insurance Operations	Shareholders' Operations
	SAR'000					
<b>REVENUES</b>						
Insurance revenue	105,384	331,902	10,533	26,575	474,394	-
Insurance service expenses	(91,077)	(342,769)	(736)	(6,484)	(441,066)	-
<b>Insurance service result before reinsurance contracts held</b>	<b>14,307</b>	<b>(10,867)</b>	<b>9,797</b>	<b>20,091</b>	<b>33,328</b>	<b>-</b>
Allocation of reinsurance premiums	(32,441)	(2,599)	(726)	(11,456)	(47,222)	-
Amounts recoverable from reinsurance	29,716	-		(474)	29,242	-
<b>Net expenses from reinsurance contracts held</b>	<b>(2,725)</b>	<b>(2,599)</b>	<b>(726)</b>	<b>(11,930)</b>	<b>(17,980)</b>	<b>-</b>
<b>INSURANCE REVENUE RESULT</b>	<b>11,582</b>	<b>(13,466)</b>	<b>9,071</b>	<b>8,161</b>	<b>15,348</b>	<b>-</b>
Interest revenue from financial assets not measured at FVTPL					12,913	2,926
Other investment income					-	1,038
Net impairment loss on financial assets					-	(66)
<b>Net investment income</b>					<b>12,913</b>	<b>3,898</b>
Net finance income from insurance contracts issued	(436)	1,001	1	62	628	-
Net finance expenses from reinsurance contracts issued	288	19	19	8	334	
	(148)	1020	20	70	962	-
<b>Net insurance and investment result</b>	<b>11,434</b>	<b>(12,446)</b>	<b>9,091</b>	<b>8,231</b>	<b>29,223</b>	<b>3,898</b>
Other income					-	1
Other operating expenses					(11,920)	(1,909)
Net profit / (loss) for the period, before zakat & tax, attributable to					17,303	1,990
Zakat charge for the period					-	(3,500)
Net Surplus						15,793
Surplus transferred to policyholders						(1,730)
<b>NET RESULT AFTER TRANSFER OF SURPLUS TO SHAREHOLDERS</b>						<b>14,063</b>

**ALLIED COOPERATIVE INSURANCE GROUP (ACIG)**
**(A SAUDI JOINT STOCK COMPANY)**
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS-(CONTINUED)**
**FOR THE THREE AND SIX MONTH PERIODS ENDED 30 JUNE 2023**
**10 SEGMENTAL INFORMATION (CONTINUED)**

	For the six-month period ended 30 June 2022					
	Medical	Motor	General Accident	Others	Total Insurance Operations	Shareholders' Operations
	SAR'000					
<b>REVENUES</b>						
Insurance revenue	195,938	88,656	10,398	15,498	310,490	-
Insurance service expenses	(235,797)	(88,727)	(3,712)	(4,142)	(332,378)	-
<b>Insurance service result before reinsurance contracts held</b>	(39,859)	(71)	6,686	11,356	(21,888)	-
Allocation of reinsurance premiums	(702)	(24,566)	(2,600)	(14,066)	(41,934)	-
Amounts recoverable from reinsurance	-	27,405	1631	(620)	28,416	-
<b>Net expenses from reinsurance contracts held</b>	(702)	2,839	(969)	(14,686)	(13,518)	-
<b>INSURANCE REVENUE RESULT</b>	(40,561)	2,768	5,717	(3,330)	(35,406)	-
Interest revenue from financial assets not measured at FVTPL					1,523	312
Other investment income					-	1,009
Net impairment loss on financial assets					-	(297)
<b>Net investment income</b>					1,523	1,024
Net finance income from insurance contracts issued	150	199	31	133	513	-
Net finance expenses from insurance contracts issued	-	11	(2)	28	37	-
	150	210	29	161	550	-
<b>Net insurance and investment result</b>	(40,411)	2,978	5,746	(3,169)	(33,333)	1,024
Other income					-	-
Other operating expenses					(11,063)	328
Net profit / (loss) for the period, before zakat & tax, attributable to					(44,396)	1,352
Zakat charge for the period					-	(3,500)
Net Surplus						(33,612)
Surplus transferred to policyholders						-
<b>NET RESULT AFTER TRANSFER OF SURPLUS TO SHAREHOLDERS</b>						(33,612)

**ALLIED COOPERATIVE INSURANCE GROUP (ACIG)**
**(A SAUDI JOINT STOCK COMPANY)**
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS-(CONTINUED)**
**FOR THE THREE AND SIX MONTH PERIODS ENDED 30 JUNE 2023**
**10 SEGMENTAL INFORMATION (CONTINUED)**

	For the three-month period ended 30 June 2023					
	Medical	Motor	General Accident	Others	Total Insurance Operations	Shareholders' Operations
	SAR'000					
<b>REVENUES</b>						
Insurance revenue	46,628	181,739	(2,086)	21,498	247,779	-
Insurance service expenses	(42,479)	(176,048)	1,615	(6,147)	(223,059)	-
<b>Insurance service result before reinsurance contracts held</b>	<b>4,149</b>	<b>5,691</b>	<b>(471)</b>	<b>15,351</b>	<b>24,720</b>	<b>-</b>
Allocation of reinsurance premiums	(15,131)	(1,299)	507	(8,770)	(24,693)	-
Amounts recoverable from reinsurance	12,288	-	-	75	12,363	-
<b>Net expenses from reinsurance contracts held</b>	<b>(2,843)</b>	<b>(1,299)</b>	<b>507</b>	<b>(8,695)</b>	<b>(12,330)</b>	<b>-</b>
<b>INSURANCE REVENUE RESULT</b>	<b>1,306</b>	<b>4,392</b>	<b>36</b>	<b>6,656</b>	<b>12,390</b>	<b>-</b>
Interest revenue from financial assets not measured at FVTPL					7,098	1,237
Other investment income					-	417
Net impairment loss on financial assets					-	(44)
<b>Net investment income</b>					<b>7,098</b>	<b>1,610</b>
Net finance income from insurance contracts issued	147	129	71	48	395	-
Net finance expenses from insurance contracts issued	25	2	(11)	(1)	15	-
	172	131	60	47	410	-
<b>Net insurance and investment result</b>	<b>1,478</b>	<b>4,523</b>	<b>96</b>	<b>6,703</b>	<b>19,898</b>	<b>1,610</b>
Other income					-	-
Other operating expenses					(5,611)	(945)
Net profit / (loss) for the period, before zakat & tax, attributable to					14,287	665
Zakat charge for the period					-	(3,000)
Net Surplus						11,952
Surplus transferred to policyholders						(1,429)
<b>NET RESULT AFTER TRANSFER OF SURPLUS TO SHAREHOLDERS</b>						<b>10,523</b>

**ALLIED COOPERATIVE INSURANCE GROUP (ACIG)**
**(A SAUDI JOINT STOCK COMPANY)**
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS-(CONTINUED)**
**FOR THE THREE AND SIX MONTH PERIODS ENDED 30 JUNE 2023**
**10 SEGMENTAL INFORMATION (CONTINUED)**

	For the three-month period ended 30 June 2022					
	Medical	Motor	General Accident	Others	Total Insurance Operations	Shareholders' Operations
	SAR'000					
<b>REVENUES</b>						
Insurance revenue	98,112	48,548	6,396	9,449	162,505	-
Insurance service expenses	(108,321)	(45,412)	(1,190)	(3,809)	(158,732)	-
<b>Insurance service result before reinsurance contracts held</b>	(10,209)	3,136	5,206	5,640	3,773	-
Allocation of reinsurance premiums	(351)	(14,087)	(1,035)	(8,973)	(24,446)	-
Amounts recoverable from reinsurance	-	14,462	2	(587)	13,877	-
<b>Net expenses from reinsurance contracts held</b>	(351)	375	(1,033)	(9,560)	(10,569)	-
<b>INSURANCE REVENUE RESULT</b>	(10,560)	3,511	4,173	(3,920)	(6,796)	-
Interest revenue from financial assets not measured at FVTPL					1,019	180
Other investment income					-	505
Net impairment loss on financial assets					-	(91)
<b>Net investment income</b>					1,019	594
Net finance income from insurance contracts issued	(191)	93	(3)	158	57	-
Net finance expenses from insurance contracts issued	-	74	1	(4)	71	-
	(191)	167	(2)	154	128	-
<b>Net insurance and investment result</b>	(10,751)	3,678	4,171	(3,766)	(5,649)	594
Other income					-	-
Other operating expenses					(11,063)	5,029
Net profit / (loss) for the period, before zakat & tax, attributable to					(16,712)	5,623
Zakat charge for the period					-	7,932
Net deficit						(3,157)
Surplus transferred to policyholders						-
<b>NET RESULT AFTER TRANSFER OF SURPLUS TO SHAREHOLDERS</b>						(3,157)

**ALLIED COOPERATIVE INSURANCE GROUP (ACIG)**
**(A SAUDI JOINT STOCK COMPANY)**
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS-(CONTINUED)**
**FOR THE THREE AND SIX MONTH PERIODS ENDED 30 JUNE 2023**
**11 RELATED PARTY TRANSACTIONS AND BALANCES**

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

Related parties	Nature of transaction	Transactions for the six months period ended		Balance receivable / (payable) as at	
		30 June 2023	30 June 2022	30 June 2023	31 December, 2022
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
		SAR'000			
Board of directors	Premuim written	-	-	-	-
Affiliates	Premuim written	-	-	-	1,881
	Claims paid/ payment received	-	-	(187)	(811)
ACIG Bahrain (Shareholder)	Claims paid on behalf of ACIG Bahrain	-	-	1,985	1,985
Board and audit committee	Attendance fees	500	143	-	-

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

	SAR'000	
	30 June 2023 (Unaudited)	30 June 2022 (Unaudited)
Salaries and other allowances	900	969
Employees' terminal benefits	61	57
	961	1,026



**12 PROVISION FOR ZAKAT AND INCOME TAX**

	SAR'000	
	30 June 2023 (Unaudited)	31 December 2022
Balance at the beginning of the period / year	9,456	16,888
Provided/reversed during the period / year	3,500	(7,432)
Payments during the period / year	(6,659)	-
Balance at the end of the period / year	6,297	9,456

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

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

**Income tax:**

	SAR'000	
	30 June 2023 (Unaudited)	31 December 2022
Balance at the beginning of the period / year	25	25
Balance at the end of the period / year	25	25
<b>Total zakat and income tax</b>	<b>6,322</b>	<b>9,481</b>

**Status of assessments**

Zakat and income tax returns have been filed with the Zakat, Tax and Custom Authority (the "ZATCA ") for the years ended up to 31 December 2022. Final certificate has been received from the ZATCA for the year ended 31 December 2022. The major difference of additional assessment relates to disallowance of a portion of pre-incorporation expenses and withholding tax. The Company has filed an objection against this additional assessment with the Preliminary Tax Objection Committee subsequent to the year end, an adverse decision was received from the Preliminary Tax Objection Committee, upon which the Company filed appeal with the Higher Objection Committee. The Higher Objection Committee issued its decision in favour of the Company with respect to Zakat and rejected the appeal related to withholding tax.

### **13 SHARE CAPITAL**

As at 30 June, 2023, the authorized, subscribed and paid up share capital of the Company was SAR 291 million (31 December 2022:SAR 291 Million) , divided into 29.1 million (31 December 2022: 29.1 million) shares of SAR 10 each.

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

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

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

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

Out of 15 Million right shares, 13.3 million shares consisting approximately 89% of total right shares offer, were subscribed by the existing shareholders. Unsubscribed fraction of shares constituting 1.67 million were sold in market at the prevailing market price. The Company has fulfilled all the regulatory requirements of the aforementioned capital increase. The Company received the proceeds from rights issue on March 7, 2022 and the new share capital amount has been reported in the financial statements for the year ended 31 December 2022.

### **14 EARNING /(LOSS) PER SHARE**

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

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

	<b>SAR'000</b>	
	<b>30 June 2023</b>	<b>30 June 2022 (Restated)*</b>
Net profit / (loss) for the period	<b>14,063</b>	(33,612)
Weighted average number of ordinary shares outstanding	<b>29,100</b>	27,961
Basic earnings / (loss) per share (SAR)	<b>0.48</b>	<b>(1.20)</b>

### **15 APPROVAL OF THE FINANCIAL STATEMENTS**

These financial statements have been approved by the Board of Directors on 06 August 2023 (corresponding to Muharram 19, 1445 AH).