MALATH COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

MALATH COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

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Independent Auditors' Report on the Audit of the Financial Statements

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

Opinion

We have audited the financial statements of Malath Cooperative Insurance Company – a Saudi Joint Stock Company ("the Company"), which comprise the statement of financial position as at 31 December 2023, and the related statement of income, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes comprising material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs") that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), that is endorsed in the Kingdom of Saudi Arabia ("the Code"), that is relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with the Code's requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditors' Report on the Audit of the Financial Statements

To the Shareholders of Malath Cooperative Insurance Company (A Saudi Joint Stock Company) (continued)

Valuation of insurance contract liabilities under premium allocation approach "PAA" and general measurement model "GMM"	
Key audit matter	**How the matter was addressed in our audit**
On 1 January 2023, the Company adopted the new accounting standard IFRS 17, Insurance Contracts. The Company has evaluated the requirements of IFRS 17 and exercised judgement to develop accounting policies and related disclosures and in determining appropriate methodologies to comply with IFRS 17, which, represents a material change to the recognition, measurement and presentation of insurance contracts. As at 31 December 2023, total insurance contract liabilities amounts to SAR 433.52 million. Of this amount, insurance contract liabilities relating to insurance contract measured under Premium Allocation Approach ("PAA") amounts to SAR 404.28 million and insurance contract measured under general measurement model ("GMM") amounts to SAR 29.24 million. Actuarial projection methods, based on both historical information and assumptions on future developments, are used to measure the insurance contract liabilities. For liability for incurred claims, estimates include assumptions related to the amount of the expected settlement and claim payment patterns. Due to their nature, there is a significant degree of uncertainty, and a change in assumptions could significantly impact the financial statements. Therefore, this has been considered a key audit matter.	Together with our actuarial specialists, on a sample basis, we: • assessed the design and implementation and tested the operating effectiveness of key controls over management's processes for estimating the liability for incurred claims and key assumptions, including controls over the completeness and accuracy of the claims estimate recorded. • tested the amounts recorded for claims notified and paid, together with the outstanding claims amount to appropriate source documentation to evaluate the valuation of ultimate expected claims. • assessed the reasonableness of the actuarial models and assumptions used to calculate the present value of the future cash flows of the liability for incurred claims and the risk adjustment. We also analysed the actuarial reserve report issued by the Company's appointed actuary. • evaluated the completeness and accuracy of data used by management in their calculation of liability for incurred claims. • assessed the adequacy of the disclosures in the financial statements in respect of the transition and insurance contract liabilities, considering the disclosure requirements of IFRS 17.

Independent Auditors' Report on the Audit of the Financial Statements

To the Shareholders of Malath Cooperative Insurance Company (A Saudi Joint Stock Company) (continued)

Other information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Company's annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, the applicable requirements of the Regulations for Companies, and the Company's By-Laws and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance i.e., the Board of Directors, are responsible for overseeing the Company's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Independent Auditors' Report on the Audit of the Financial Statements

To the Shareholders of Malath Cooperative Insurance Company (A Saudi Joint Stock Company) (continued)

Auditors' responsibilities for the audit of the financial statements (continued)

As part of an audit in accordance with International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entity or business activity within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Company audit. We solely remain responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Independent Auditors' Report on the Audit of the Financial Statements

To the Shareholders of Malath Cooperative Insurance Company (A Saudi Joint Stock Company) (continued)

Auditors' responsibilities for the audit of the financial statements (continued)

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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23 Ramadan 1445H
2 April 2024
Riyadh, Kingdom of Saudi Arabia

MALATH COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

STATEMENT OF FINANCIAL POSITION
(All amounts are in thousands Saudi Riyal unless otherwise stated)
AS AT 31 DECEMBER 2023

	Notes	**31 December 2023**	31 December 2022 Restated "Note 4"	1 January 2022 Restated "Note 4"
ASSETS				
Cash and cash equivalents	5	**110,571**	336,530	475,801
Murabaha deposits	6	**329,372**	157,965	131,332
Reinsurance contract assets	7.3	**107,591**	126,755	106,288
Investments	8	**179,135**	211,726	220,424
Prepayments and other assets	12	**113,243**	95,211	33,358
Property and equipment	15	**4,042**	4,114	4,846
Right of use assets	16	**1,995**	2,055	3,352
Statutory deposit	24	**74,986**	74,986	74,986
Accrued commission income on statutory deposit		**3,205**	10,778	10,167
TOTAL ASSETS		**924,140**	1,020,120	1,060,554
LIABILITIES				
Accrued expenses and other liabilities	13	**39,179**	42,521	37,699
Lease liabilites	17	**1,550**	1,732	2,478
Insurance contract liabilities	7.3	**433,522**	570,294	579,086
Reinsurance contract liabilities	7.3	**2,274**	-	-
Provision for employees' end-of-service benefits	14	**23,733**	17,149	20,154
Provision for zakat	9	**30,587**	23,631	17,252
Accrued return payable to Insurance Authority		**3,205**	10,778	10,167
TOTAL LIABILITIES		**534,050**	666,105	666,836
EQUITY				
Share capital	10	**500,000**	500,000	500,000
Statutory reserve	12	**2,131**	2,131	2,131
Accumulated losses		**(134,949)**	(173,137)	(131,930)
Investments fair value reserve		**37,942**	33,894	34,193
Re-measurement losses on defined benefit plans		**(15,034)**	(8,873)	(10,676)
TOTAL EQUITY		**390,090**	354,015	393,718
TOTAL LIABILITIES AND EQUITY		**924,140**	1,020,120	1,060,554
Commitments and contingencies	21			

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

The accompanying notes 1 to 30 form an integral part of these financial statements.

MALATH COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
STATEMENT OF INCOME
(All amounts are in thousands Saudi Riyal unless otherwise stated)
FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023	2022 Restared "Note 4"
REVENUES			
Insurance service revenue	7.1	**934,712**	973,092
Insurance Service Expenses	7.1	**(844,801)**	(981,587)
Insurance service result before reinsurance contracts held		**89,911**	(8,495)
Allocation of reinsurance premiums	7.2	**(62,013)**	(66,732)
Amounts recoverable from reinsurance	7.2	**(10,448)**	36,268
Net expenses from reinsurance contracts held		**(72,461)**	(30,464)
Insurance service result		**17,450**	(38,959)
Investment income on financial assets at amortised cost		**20,716**	21,976
Investment income on financial assets at FVTPL		**19,664**	8,450
Net credit impairment losses on financial assets		**(24)**	22
Other investment income		**114**	1,072
Net investment income		**40,470**	31,520
Finance expenses from insurance contracts issued	7.1	**(15,830)**	(8,681)
Finance income from reinsurance contracts held	7.2	**3,488**	2,455
Net insurance finance expenses		**(12,342)**	(6,226)
Net insurance and investment result		**45,578**	(13,665)
OTHER INCOME / (EXPENSES)			
Other operating expenses		**(18,341)**	(23,899)
Other income		**19,951**	6,474
TOTAL OTHER INCOME / (EXPENSES)		**1,610**	(17,425)
Net income/(loss) attributable to shareholders before zakat		**47,188**	(31,090)
Zakat charge for the year	9	**(9,000)**	(10,288)
Net income/(loss) attributable to shareholders' operations		**38,188**	(41,378)
Earnings / (loss) per share			
Basic and diluted earnings / (loss)per share	11	**0.76**	(0.83)
Weighted average number of shares issued throughout the year (thousands)		**50,000**	50,000

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER **DIRECTOR**

The accompanying notes 1 to 30 form an integral part of these financial statements.

MALATH COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

STATEMENT OF COMPREHENSIVE INCOME
(All amounts are in thousands Saudi Riyal unless otherwise stated)
FOR THE YEAR ENDED 31 DECEMBER 2023

	2023	2022 Restated "Note 4"
Net income/(loss) attributable to shareholders' operations	**38,188**	(41,378)
Other comprehensive income:		
Items that will not be recycled to statements of income in subsequent years		
Re-measurement (loss)/ gain on defined benefit plan	**(6,161)**	1,803
Change in fair value of financial investments at FVTOCI	**4,048**	(299)
Total other comprehensive (loss)/ income for the year	**(2,113)**	1,504
Total comprehensive income/(loss) for the year	**36,075**	(39,874)

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

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MALATH COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

STATEMENT OF CHANGES IN EQUITY
(All amounts are in thousands Saudi Riyal unless otherwise stated)
FOR THE YEAR ENDED 31 DECEMBER 2023

	Share capital	Statutory reserve	Accumulated losses	Investments fair value reserve	Re-measurement losses on defined benefit plans	Total equity
2022						
Balance at 31 December 2021	500,000	2,131	(120,408)	529	(10,676)	371,576
Impact on initial application of IFRS 17 (Note 4)	-	-	(12,792)	-	-	(12,792)
Impact on initial application of IFRS 9 (Note 4)	-	-	1,384	33,664	-	35,048
Impact on initial application 16			(114)			(114)
Restated balance at 1 January 2022 (Restated "Note 4")	500,000	2,131	(131,930)	34,193	(10,676)	393,718
Net loss for the year	-	-	(41,207)	-	-	(41,207)
Change in fair value of financial investments at FVTOCI	-	-	-	(299)		(299)
Re-measurement gain on end of service benefits					1,803	1,803
Total comprehensive loss	-	-	(41,207)	(299)	1,803	(39,703)
Balance at 31 December 2022 (Restated "Note 4")	500,000	2,131	(173,137)	33,894	(8,873)	354,015
2023						
Restated balance at 1 January 2023 (Note 4)	**500,000**	**2,131**	(173,137)	**33,894**	**(8,873)**	**354,015**
Net income for the year	-	-	**38,188**	-	-	**38,188**
Change in fair value of financial investments at FVTOCI				4,048	-	4,048
Re-measurement loss on end of service benefits	-	-	-	-	**(6,161)**	**(6,161)**
Total comprehensive income	-	-	38,188	**4,048**	**(6,161)**	**36,075**
Balance at 31 December 2023	**500,000**	**2,131**	**(134,949)**	**37,942**	**(15,034)**	**390,090**

CHIEF FINANCIAL OFFICER

CHIEF EXECUTIVE OFFICER

DIRECTOR

The accompanying notes 1 to 30 form an integral part of these financial statements.

MALATH COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

STATEMENT OF CASH FLOWS
(All amounts are in thousands Saudi Riyal unless otherwise stated)
FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023	2022 Restated "Note 4"
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income / (loss) for the year before zakat		**47,188**	(31,090)
Adjustments for:			
Other investment income		**(114)**	(1,066)
Depreciation of property and equipment	15	**916**	1,950
Depreciation on Right to use assets	16	**1,461**	1,580
Investment income on financial assets at FVTPL		**(19,664)**	(8,450)
Finance expenses from insurance contracts issued	7.1	**15,830**	8,681
Finance income from reinsurance contracts held	7.2	**(3,488)**	(2,455)
Finance cost on lesae liabilities		**98**	164
Net credit impairment losses on financial assets		**24**	(22)
Provision for employees' end-of-service benefits		**3,121**	3,075
Changes in operating assets and liabilities:			
Reinsurance contract assets		**22,652**	(18,012)
Prepayments and other assets		**(18,032)**	(61,853)
Right to use assets		**(1,401)**	(283)
Accrued expenses and other liabilities		**(3,843)**	4,822
Insurance contract liabilities		**(152,603)**	(17,473)
Reinsurance contract liabilities		**2,274**	-
Cash used in operations		**(105,581)**	(120,432)
Zakat paid	9	**(2,044)**	(3,909)
Employees' end-of-service benefits paid	14	**(2,687)**	(4,277)
Net cash used in operating activities		**(110,312)**	(128,618)
CASH FLOWS FROM INVESTING ACTIVITIES			
Net placement to murabaha deposits		**(171,407)**	(26,633)
Proceeds from financial assets		**56,785**	17,379
Addition to property and equipment	15	**(844)**	(653)
Net cash used in investing activities		**(115,466)**	(9,907)
CASH FLOWS FROM FINANCING ACTIVITIES			
Lease liabilities		**(182)**	(746)
Net cash used in financing activities		**(182)**	(746)
Net change in cash and cash equivalents		**(225,959)**	(139,271)
Cash and cash equivalents at the beginning of the year	5	**336,530**	475,801
Cash and cash equivalents at the end of the year	5	**110,571**	336,530
Supplemental non-cash information:			
Change in fair value of financial investments at FVTOCI		**4,048**	(299)
Commission movement on statutory deposit		**(7,573)**	611

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

The accompanying notes 1 to 30 form an integral part of these financial statements.

1 ORGANIZATION AND PRINCIPAL ACTIVITIES

Malath Cooperative Insurance Company (the "Company") is a Saudi Joint Stock Company established in Riyadh, Kingdom of Saudi Arabia by Royal Decree Number M/60 and incorporated on 21 Rabi Al-Awal 1428H corresponding to 9 April 2007 under Commercial Registration No. 1010231787. The Company's head office is situated at Mohammad Bin Abdelaziz Street, P.O. Box 99763, Riyadh 11625, and Kingdom of Saudi Arabia.

The purpose of the Company is to transact cooperative insurance operations and all related activities including reinsurance and agency activities. Its principal lines of business includes medical, motor, marine, fire, engineering, casualty and other general insurance.

On 31 July 2003, corresponding to 2 Jumada II 1424H, the Law on the Supervision of Cooperative Insurance Companies ("Insurance Law") was promulgated by Royal Decree Number (M/32). During March 2008, the Insurance Authority ("IA"), then known as Saudi Central Bank ("SAMA"), as the principal authority responsible for the application and administration of the Insurance Law and its Implementing Regulations, granted the Company a license to transact insurance activities in the Kingdom of Saudi Arabia. During the year, the Insurance Authority has been established by a royal decree as the insurance regulator. Previously issued regulations by SAMA will be upheld until the Insurance Authority issues updated regulations, all mention of SAMA in these financial statements to be read in this context. Therefore, the accrued income liability is payable to the Insurance Authority.

The board of directors approved the distribution of the surplus from insurance operations in accordance with the Insurance Implementing Regulations issued by Insurance Authority (IA), whereby the shareholders of the Company are to receive 90% of the annual surplus from insurance operations and the policyholders are to receive the remaining 10%. Any deficit arising on insurance operations is transferred to the shareholders' operations in full. Post implementation of IFRS 17, the surplus payable is included in the insurance contract liabilities under LIC.

2 BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standard ("IFRSs") Accounting Standards ("IFRS Accounting Standards") that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA") and in compliance with Regulations for Companies in the Kingdom of Saudi Arabia and By-Laws of the Company.

This is the first set of the Company's annual financial statements in which IFRS 17 'Insurance Contracts' and IFRS 9 "Financial Instruments" as endorsed in the Kingdom of Saudi Arabia have been applied and the resultant changes to the material accounting policies are described in note 3.

The Company's statement of financial position is presented in order of liquidity but not presented using a current/non-current classification. However, the following balances would generally be classified as non-current: long-term deposits, right-of-use assets, property and equipment, statutory deposit, lease liabilities and employee benefit obligations. All other financial statements line items would generally be classified as current.

2 BASIS OF PREPARATION (continued)

(a) Statement of compliance (continued)

The statement of financial position, statements of income, comprehensive income and cash flows of the insurance operations and shareholders operations which are presented in Note 28 of the financial statements have been provided as supplementary financial information to comply with the requirements of the Insurance Implementing Regulations (the "Implementing Regulations"). The implementing regulations requires the clear segregation of the assets, liabilities, income and expenses of the insurance operations and the shareholders operations. Accordingly, the statements of financial position, statements of income, comprehensive income and cash flows prepared for the insurance operations and shareholders operations as referred to above, reflect only the assets, liabilities, income, expenses and comprehensive gains or losses of the respective operations. (Note: Description for supplementary note).

(b) Basis of measurement

The financial statements are prepared under the going concern basis and the historical cost convention, except for the measurement of investments carried at fair value through profit and loss ("FVTPL") and investments carried at fair value through other comprehensive income ("FVTOCI"), liabilities for defined benefit obligations recorded at the present value using the projected unit credit method and liabilities for incurred claim ("LIC") and assets for incurred claim ("AIC") recorded at the present value of the current discount rates.

(c) Functional and presentation currency

These financial statements have been presented in Saudi Riyals (SR), which is also the functional currency of the Company. All financial information presented in Saudi Riyals (SR) has been rounded to the nearest thousand, unless otherwise stated.

(d) Seasonality of operations

There are no seasonal changes that affect insurance operations.

(e) Critical accounting judgments, estimates and assumptions

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

Estimates and judgments are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Following are the accounting judgments and estimates that are critical in preparation of these financial

(i) PAA eligibility assessment

The Company has applied the Premium Allocation Approach (PAA) only for contracts with a coverage period of 12 months or less. As this policy applies uniformly to all contracts based on their length, assessments to identify material differences between the model outcomes, for contracts where the coverage period was more than one year, have been deemed unnecessary.

(ii) Liability for remaining coverage (LRC)

Acquisition cash flows

For insurance acquisition cash flows, the Company is eligible whether to recognise insurance acquisition cash flows as an expense when it incurs those costs or to include those cash flows within the liability for remaining coverage (and hence amortise those cash flows over the coverage period).

The Company has opted to recognise an asset for insurance acquisition cash flows paid and amortise those cash flows over the coverage period.

2 BASIS OF PREPARATION (continued)

(e) Critical accounting judgments, estimates and assumptions (continued)

Significant financing component

The Company has determined that there is no significant financing component in contracts with a coverage period of one year or less and hence, the Company does not discount the LRC to reflect the time value of money and financial risk for such insurance and reinsurance contracts. The Company has adjusted the carrying amount of the LRC and ARC to reflect the time value of money and the effect of financial risk using the discount rates, for contracts with a coverage period longer than one year.

Expected premium receipts adjustment

Insurance revenue will be adjusted with the amounts of expected premium receipts adjustment calculated on premiums not yet collected as of the date of the statement of financial position. The computation is performed using IFRS 9 simplified approach to calculate Expected Credit Loss (ECL) allowance. The corresponding impact of this adjustment is recorded in the LRC.

(iii) Liability for incurred claims

Liability for incurred claims: The ultimate cost of incurred claims is estimated by using a range of standard actuarial claims projection techniques, such as Chain Ladder and Bornheutter-Ferguson methods. The main assumption underlying these techniques is that a Company's past claims development experience can be used to project future claims development and hence ultimate claims costs. These methods extrapolate the development of paid and incurred losses, average costs per claim (including claims handling costs), and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analysed by accident years, as well as by significant business lines and claim types. Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims development data on which the projections are based. Instead, the assumptions used are those implicit in the historical claims development data on which the projections are based. Additional qualitative judgement is used to assess the extent to which past trends may not apply in 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, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the best estimate ultimate cost of claims. Estimates of salvage recoveries and subrogation reimbursements are considered as an allowance in the measurement of ultimate claims costs.

(iv) Onerosity determination

For contracts measured under GMM and VFA, 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 statement of income in insurance service expense. The loss component is then amortized to statement of income over the coverage period to offset incurred claims in insurance service

For contracts measured under PAA, the Company assumes that no contracts in the portfolio are onerous at initial recognition unless facts and circumstances indicate otherwise

The Company also considers facts and circumstances to identify whether a group of contracts are onerous based on the following key inputs:

2 BASIS OF PREPARATION (continued)

(e) Critical accounting judgments, estimates and assumptions (continued)

(iv) Onerosity determination (continued)

- Pricing information: Underwriting combined ratios and price adequacy ratios. This input is most relevant for the Medical, Motor and P&C insurance portfolio,
- Historical combined ratio of similar and comparable sets of contracts for Medical, Motor and P&C portfolios in particular,
- Any relevant inputs from underwriters,
- Other external factors such as inflation and change in market claims experience or change in
- Historical combined ratio of similar and comparable sets of contracts for Medical, Motor and P&C portfolios in particular.

Based on above assessment, certain group of contracts have been identified as onerous under Medical and Engineering portfolios.

(v) Expense attribution

The Company identifies expenses which are directly attributable towards acquiring insurance contracts (acquisition costs) and fulfilling /maintaining (other attributable expenses) such contracts and those expenses which are not directly attributable to such contracts (non-attributable expenses). Acquisition costs, such as underwriting costs, are no longer recognized in the statement of income when incurred and instead spread over the lifetime of the group of contracts based on the passage of time.

Other attributable expenses are allocated to the groups of contracts using an allocation mechanism considering the activity based costing principles. The Company has determined costs directly identified to the groups of contracts, as well as costs

On the other hand, non-directly attributable expenses and overheads are recognized in the statement of income immediately when incurred.

(vi) Estimates of future cash flows

The Company primarily uses deterministic projections to estimate the present value of future cash flows and for some groups it uses stochastic modelling techniques. A stochastic model is a tool for estimating probability distributions of potential outcomes by allowing for random variation in one or more inputs over time. The random variation is usually based on fluctuations observed in historical data for a selected period using standard time-series techniques.

The following assumptions were used when estimating future cash flows:

- Expenses

Operating expenses assumptions reflect the projected costs of maintaining and servicing in–force policies and associated overhead expenses. The current level of expenses is taken as an appropriate expense base, adjusted for expected expense inflation if appropriate.

An increase in the expected level of expenses will reduce future expected profits of the Company. The cash flows within the contract boundary include an allocation of fixed and variable overheads directly attributable to fulfilling insurance contracts. (Such overheads are allocated to groups of contracts using methods that are systematic and rational, and are consistently applied to all costs that have similar characteristics).

- Lapse and surrender rates

Lapses relate to the termination of policies due to non–payment of premiums. Surrenders relate to the voluntary termination of policies by policyholders. Policy termination assumptions are determined using statistical measures based on the Company's experience and vary by product type, policy duration and sales trends. An increase in lapse rates early in the life of the policy would tend to reduce profits of the Company, but later

2 BASIS OF PREPARATION (continued)

(e) Critical accounting judgments, estimates and assumptions (continued)

(vii) Risk adjustment for non-financial risk

Risk adjustment reflects the compensation that is required for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk as the Company fulfils insurance contracts. For reinsurance contracts held, the risk adjustment for non-financial risk represents the amount of risk being transferred by the Company to the reinsurer.

Three stochastic methods were considered: Mack models, Stochastic - Bornheutter Ferguson, and Bootstrap. The paid triangles gross of recoveries were used. For each portfolio, once the risk adjustment was calculated based on the selected methodology, diversification was applied using the solvency II correlation matrix. The total diversified risk adjustment obtained was then allocated to each line proportional to its non - diversified risk adjustment. The Company decided to adopt the 75th percentile risk adjustment figures based on their risk appetite. The risk adjustment percentages will be revised once a year, unless more frequent review was deemed necessary.

The Company disaggregates changes in the risk adjustment for non-financial risk between insurance service result and insurance finance income or expenses.

(viii) Amortization of the contractual service margin

Mack and Stochastic - Bornheutter Ferguson methods, being stochastic methods were preferred over Solvency II factors where ever possible. The large volume of data that was available that allowed fitting a lognormal distribution on reserve estimates using paid triangles. Therefore, for all lines except for Life portfolio, Mack method provided reasonable results and was adopted.

- Identifying the coverage units in the group,
- Allocating the CSM at the end of the period (before recognizing any amounts in statement of income to reflect the services provided in the period) equally to each coverage unit provided in the current period and expected to be provided in the future,
- Recognizing in statement of income the amount allocated to coverage units provided in the period.

The number of coverage units in a group is the quantity of coverage provided by the contracts in the group, which the Company determines by considering the quantity of the benefits provided and the expected coverage duration. For groups of life insurance contracts, the coverage units are proportional to the fund value. The total coverage units of each group of insurance contracts are reassessed at the end of each reporting period to adjust for the reduction of remaining coverage for claims paid, expectations of lapses and cancellation of contracts in the period. The Company then allocates them based on probability-weighted average duration of each coverage unit provided in the current period and expected to be provided in the future.

(All amounts are in thousands Saudi Riyal unless otherwise stated)

2 BASIS OF PREPARATION (continued)

(e) Critical accounting judgments, estimates and assumptions (continued)

(ix) Unit of account

Judgement is involved in the identification of portfolios of contracts, as required by IFRS 17 (that is, having similar risks and being managed together). Aggregation of insurance contracts issued on initial recognition into groups of onerous contracts, groups of contracts with no significant possibility of becoming onerous, and groups of other contracts. Similar grouping assessment is required for reinsurance contracts held. Areas of potential judgements include:

- The determination of contract sets within portfolios and whether the Company has reasonable and supportable information to conclude that all contracts within a set would fall into the same group, as required by IFRS 17,
- judgements might be applied on initial recognition to distinguish between non-onerous contracts (those having no significant possibility of becoming onerous) and other contracts.

For insurance contracts issued which are measured under the PAA, management judgement might be required to assess whether facts and circumstances indicate that a group of contracts has become onerous. Further, judgement is required to assess whether facts and circumstances indicate that any changes in the onerous group's profitability and whether any loss component remeasurement is required.

(x) Discount rates

Insurance contract liabilities and Reinsurance contracts assets are calculated by discounting expected future cash flows at a discount rate that reflects the characteristics of the cash flows and the liquidity characteristics of the insurance contracts. The Company applied bottom-up approach to derive the applicable yield curve when determining the discount rate, where the curve is based on the European Insurance and Occupational Pensions Authority (EIOPA) volatility adjusted risk-free curve denominated in United States Dollars while applying certain adjustments for factors under IFRS 17.

Discount rates applied for discounting of future cash flows are listed below:

Discount Yield Curve

Evaluation date	**1 Year**	**2 Year**	**3 Year**	**4 Year**	**5 Year**
31 December 2023	6.08%	5.34%	4.99%	4.83%	4.76%
31 December 2022	6.61%	6.17%	5.75%	5.53%	5.43%
31 December 2021	1.20%	1.61%	1.87%	1.98%	2.07%

(xi) Methods used to measure the risk adjustment for non-financial risk

Judgement is involved in assessing the most appropriate method to estimate the risk adjustment for non-financial risk and also to choose the most appropriate confidence level to which the risk adjustment for non-financial risk should correspond.

The risk adjustment for non-financial risk is the compensation that is required for bearing the uncertainty about the amount and timing of cash flows that arises from non-financial risk as the insurance contract is fulfilled. Because the risk adjustment represents compensation for uncertainty, estimates are made on the expected favourable and unfavourable outcomes in a way that reflects the Company's degree of risk aversion.

(xii) Measurement of the Expected Credit Losses allowance (ECL)

Assessment of whether credit risk on the financial asset has increased significantly since initial recognition and incorporation of forward-looking information in the measurement of ECL requires the use of complex models and significant assumptions about future economic conditions and credit behavior. The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held). A number of factors are also considered in applying the accounting requirements for measuring ECL, such as:

- determining the criteria for significant increase in credit risk,

(All amounts are in thousands Saudi Riyal unless otherwise stated)

2 BASIS OF PREPARATION (continued)

(e) Critical accounting judgments, estimates and assumptions (continued)

(xii) Measurement of the Expected Credit Losses allowance (ECL) (continued)

- choosing appropriate models and assumptions for the measurement of ECL, and
- establishing groups of similar financial assets for the purposes of measuring ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

(xiii) Fair value of financial instruments

The fair value for financial instruments traded in active markets at the reporting date is based on their quoted market price. Where the fair values of financial assets and financial liabilities recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are derived from observable market data where possible, but if this is not available, judgment is required to establish fair values.

(xiv) Going concern

The Company's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

(xv) Standards, interpretations and amendments to accounting and reporting standards which are effective in current year

The following standards, amendments and interpretations are effective for the year ended 31 December 2023. These standards, interpretations and amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures and impact of IFRS 17 as disclosed in note 4.

	Effective from annual period beginning on or after:
- IFRS 17 Insurance Contracts	1 January 2023
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	1 January 2023
- Definition of Accounting Estimates (Amendments to IAS 8)	1 January 2023
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)	1 January 2023
- Initial Application of IFRS 17 and IFRS 9 — Comparative Information (Amendment to IFRS 17)	1 January 2023
- 'International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12)	Issued on 23 May 2023 with immediate effectiveness

(xvi) New accounting standards / amendments and IFRS interpretations that are not yet effective

The following new accounting standards, interpretations and amendments have been issued by the IASB that are effective in future accounting periods. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective

(All amounts are in thousands Saudi Riyal unless otherwise stated)

2 BASIS OF PREPARATION (continued)

(e) Critical accounting judgments, estimates and assumptions (continued)

(xvi) New accounting standards / amendments and IFRS interpretations that are not yet effective (continued)

- IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information	1 January 2024
- IFRS S2 Climate-related Disclosures	1 January 2024
- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)	1 January 2024
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)	1 January 2024
- Non-current Liabilities with Covenants (Amendments to IAS 1)	1 January 2024
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)	1 January 2024

3 MATERIAL ACCOUNTING POLICIES

The Company applied IFRS 17 and IFRS 9 for the first time since 1 January 2023. These standards bring significant changes to the accounting for insurance and reinsurance contracts and financial instruments and are expected to have a material impact on the Company's financial statements in the period of initial application. The companies apllies IFRS 16 for the first time since 1 January 2023 as well.

3.1 Insurance and reinsurance contracts

Transition

On transition date, 1 January 2022, the Company:

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

The statement of financial position for 1 January 2022, has been restated due to adoption of IFRS 17 and IFRS 9. Consequently, the third balance sheet as at 1 January 2022 has also been presented under the requirements of IAS 1.

Full Retrospective Approach

On transition to IFRS 17, the Company has applied the full retrospective approach unless impracticable.

Modified retrospective approach

The Company has applied the modified retrospective approach for certain groups of contracts, as prior to transition (before 1 January 2022), it grouped its contracts from multiple cohorts and years into a single unit for accounting purposes. The application of the full retrospective approach on transition for these portfolios was determined to be impracticable for the Company, as obtaining all required historical data for its existing products from the actuarial valuation reports was not possible. Therefore, the Company has used reasonable and supportable information from its existing reporting systems, which resulted in the closest outcome to the full retrospective approach. The Company has applied fully retrospective approach to groups of insurance contracts issued / reinsurance contracts held after 1 January 2022.

3 MATERIAL ACCOUNTING POLICIES (continued)

3.1 Insurance and reinsurance contracts (continued)

The Company has aggregated contracts issued more than one year apart for groups of contracts applying the modified retrospective approach at transition, as it did not have supportable information to aggregate contracts into groups including only contracts issued within one year.

At the date of initial recognition of a group of insurance contracts originating before the transition date, groups are discounted using an observable yield curve that, based on discount rates for 2019-2021, approximate the yield curve, had discount rate principles for fully retrospective approach been applied.

The Company estimated the risk adjustment for non-financial risk at the date of initial recognition by adjusting the risk adjustment at the transition date by the expected release of risk in the periods before transition. The expected release of risk was determined with reference to the release of risk for similar contracts that the Company has issued subsequent to the transition date.

Classification

The Company issues insurance contracts in the normal course of business, under which it accepts significant insurance risk from its policyholders. As a general guideline, the Company determines whether it has significant insurance risk, by comparing benefits payable after an insured event with benefits payable if the insured event did not occur. Insurance contracts can also transfer financial risk. The Company issues non-life insurance to individuals and businesses. Non-life insurance products offered include medical,motor, marine, fire, engineering, energy, aviation and casualty insurance. These products offer protection of policyholder's assets and indemnification of other parties that have suffered damage as a result of a policyholder's accident.

Level of aggregation

IFRS 17 requires a company to determine the level of aggregation for applying its requirements. The level of aggregation for the Company is determined firstly by dividing the business written into portfolios. Portfolios comprise groups of contracts with similar risks which are managed together. Portfolios are further divided based on expected profitability at inception into three categories: (a) onerous contracts, (b) contracts with no significant risk of becoming onerous, and (c) the remainder. This means that, for determining the level of aggregation, the Company identifies a contract as the smallest 'unit', i.e., the lowest common denominator. However, the Company makes an evaluation of whether a series of contracts need to be treated together as one unit based on reasonable and supportable information, or whether a single contract contains components that need to be separated and treated as if they were stand-alone contracts. As such, what is treated as a contract for accounting purposes may differ from what is considered as a contract for other purposes (i.e., legal or management). Further, no group for level of aggregation purposes contains contracts issued more than one year apart.

The Company has elected to group together those contracts that would fall into different groups only because law or regulation specifically constrains its practical ability to set a different price or level of benefits for policyholders with different characteristics.

The portfolios are further divided by year of issue and profitability for recognition and measurement purposes. Hence, within each quarter of issue, portfolios of contracts are divided into three groups, as follows:

- A group of contracts that are onerous at initial recognition (if any),
- A group of contracts that, at initial recognition, have no significant possibility of becoming onerous subsequently (if any),
- A group of the remaining contracts in the portfolio (if any).

3 MATERIAL ACCOUNTING POLICIES (continued)

3.1 Insurance and reinsurance contracts (continued)

The profitability of groups of contracts is assessed by actuarial valuation models that take into consideration existing and new business. The Company assumes that no contracts in the portfolio are onerous at initial recognition unless facts and circumstances indicate otherwise. For contracts that are not onerous, the Company assesses, at initial recognition, that there is no significant possibility of becoming onerous subsequently by assessing the likelihood of changes in applicable facts and circumstances. The Company considers facts and circumstances to identify whether a group of contracts are onerous based on:

- Pricing information
- Results of similar contracts it has recognised
- Environmental factors, e.g., a change in market experience or regulations

The Company divides portfolios of reinsurance contracts held applying the same principles set out above, except that the references to onerous contracts refer to contracts on which there is a net gain on initial recognition. For some groups of reinsurance contracts held, a group can comprise a single contract.

The Company does not issue any insurance contracts and reinsurance contracts held which qualify for contract combination / unbundling.

Length of Cohorts

The Company has adopted quarterly cohorts to measure groups of insurance contracts issued and reinsurance contracts held. This means that the group of contracts are identified at a more granular level. The Company has elected to use quarterly cohorts that aligns with external quarterly reporting periods as well.

Recognition

The Company recognises groups of insurance contracts it issues from the earliest of the following:

- The beginning of the coverage period of the group of contracts,
- The date when the first payment from a policyholder in the group is due or when the first payment is received if there is no due date,
- For a group of onerous contracts, if facts and circumstances indicate that the group is onerous.

Premium received in advance represents premiums received by the Company before initial recognition of the group of insurance contracts. These are excluded from liability for remaining coverage and recognised as other liabilities (refer above policy for conditions relevant to initial recognition of the group of contracts).

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

- The beginning of the coverage period of the group of reinsurance contracts held. However, the Company delays the recognition of a group of reinsurance contracts held that provide proportionate coverage until the date any underlying insurance contract is initially recognised, if that date is later than the beginning of the coverage period of the group of reinsurance contracts held, and

3 MATERIAL ACCOUNTING POLICIES (continued)

3.1 Insurance and reinsurance contracts (continued)

- The date the Company recognises an onerous group of underlying insurance contracts if the Company entered into the related reinsurance contract held in the group of reinsurance contracts held at or before that date.

The Company adds new contracts to the group in the reporting period in which that contract meets one of the criteria set out above.

Measurement model

The Company applies the Premium Allocation Approach (PAA) to all the insurance contracts that it issues and reinsurance contracts that it holds. The Company applies the PAA as the coverage period of these contracts is one year or less. In case of contracts with more than one-year of coverage period, the Company had carried out the PAA eligibility test (refer note 2.4(a)) to confirm that PAA may be applied. When measuring liabilities for remaining coverage, the PAA is broadly similar to the Group's previous accounting treatment under IFRS 4. However, when measuring liabilities for incurred claims, the Group now discounts cash flows that are expected to occur more than one year after the date on which the claims are incurred and includes an explicit risk adjustment for non-financial risk as well as provision for ENID.

Contract boundary

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

- The Company has the practical ability to reassess the risks of the particular policyholder and, as a result, can set a price or level of benefits that fully reflects those risks, or

Both of the following criteria are satisfied:

- The Company has the practical ability to reassess the risks of the portfolio of insurance contracts that contain the contract and, as a result, can set a price or level of benefits that fully reflects the risk of that portfolio, and
- The pricing of the premiums up to the date when the risks are reassessed does not take into account the risks that relate to periods after the reassessment date.

Insurance contracts – initial measurement

The Company applies the premium allocation approach (PAA) to all the insurance contracts that it issues and reinsurance contracts that it holds, as:

- The coverage period of each contract in the group is one year or less, including insurance contract services arising from all premiums within the contract boundary; or

3 MATERIAL ACCOUNTING POLICIES (continued)

3.1 Insurance and reinsurance contracts (continued)

For contracts longer than one year, the Company has modelled possible future scenarios and reasonably expects that the measurement of the liability for remaining coverage for the group containing those contracts under the PAA does not differ materially from the measurement that would be produced applying the General Measurement Model ("GMM").

For a group of contracts that is not onerous at initial recognition, the Company measures the liability for remaining coverage as:

- The premiums, if any, received at initial recognition,
- Minus any insurance acquisition cash flows at that date,
- Plus or minus any amount arising from the derecognition at that date of the asset recognised for insurance acquisition cash flows, and
- Any other asset or liability previously recognised for cash flows related to the group of contracts that the Company pays or receives before the group of insurance contracts is recognised.

For all insurance contracts, there is no allowance for time value of money in the calculation of LRC. The Company expects that the time between providing each part of the services and the related premium due date is no more than a year.

Where facts and circumstances indicate that contracts are onerous at initial recognition, the Company performs additional analysis to determine if a net outflow is expected from the contract. Such onerous contracts are separately grouped from other contracts and the Company recognises a loss in statement of income for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows. A loss component is established by the Company for the liability for remaining coverage for such onerous group depicting the losses recognised.

VAT treatment

Transaction-based taxes (such as premium taxes, value added taxes and goods & services taxes) and levies that arise directly from existing insurance contracts, or that can be attributed to them on a reasonable and consistent basis are included within insurance contract liabilities as part of fulfilment cash flows within the boundary of insurance contracts.

Reinsurance contracts held – initial measurement

The Company measures its reinsurance assets for a group of reinsurance contracts that it holds on the same basis as insurance contracts that it issues. However, they are adapted to reflect the features of reinsurance contracts held that differ from insurance contracts issued, for example the generation of expenses or reduction in expenses rather than revenue.

Where the Company recognises a loss on initial recognition of an onerous group of underlying insurance contracts or when further onerous underlying insurance contracts are added to a group, the Company establishes a loss-recovery component of the asset for remaining coverage for a group of reinsurance contracts held depicting the recovery of losses.

3 MATERIAL ACCOUNTING POLICIES (continued)

3.1 Insurance and reinsurance contracts (continued)

The Company calculates the loss-recovery component by multiplying the loss recognised on the underlying insurance contracts and the percentage of claims on the underlying insurance contracts the Company expects to recover from the group of reinsurance contracts held. The Company uses a systematic and rational method to determine the portion of losses recognised on the group to insurance contracts covered by the group of reinsurance contracts held where some contracts in the underlying group are not covered by the group of reinsurance contracts held.

The loss-recovery component adjusts the carrying amount of the asset for remaining coverage

Insurance contracts – subsequent measurement

The Company measures the carrying amount of the liability for remaining coverage at the end of each reporting period as the liability for remaining coverage at the beginning of the period:

- Plus premiums received in the period,
- Minus insurance acquisition cash flows,
- Plus any amounts relating to the amortisation of the insurance acquisition cash flows recognised as an expense in the reporting period for the group,
- Plus any adjustment to the financing component, where applicable,
- Minus the amount recognised as insurance revenue for the services provided in the period, and
- Minus any investment component paid or transferred to the liability for incurred claims, where applicable.

The Company estimates the liability for incurred claims as the fulfilment cash flows related to incurred claims. The fulfilment cash flows incorporate, in an unbiased way, all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of those future cash flows, they reflect current estimates from the perspective of the Company, and include an explicit adjustment for non-financial risk (the risk adjustment).

Where, during the coverage period, facts and circumstances indicate that a group of insurance contracts is onerous, the Company recognises a loss in statement of income for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows. A loss component is established by the Company for the liability for remaining coverage for such onerous group depicting the losses recognised.

Reinsurance contracts held – subsequent measurement

The subsequent measurement of reinsurance contracts held follows the same principles as those for insurance contracts issued and has been adapted to reflect the specific features of reinsurance held.

Where the Company has established a loss-recovery component, the Company subsequently reduces the loss recovery component to zero in line with reductions in the onerous group of underlying insurance contracts in order to reflect that the loss-recovery component shall not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the entity expects to recover from the group of reinsurance contracts held.

3 MATERIAL ACCOUNTING POLICIES (continued)

3.1 Insurance and reinsurance contracts (continued)

Insurance contracts – modification and derecognition

The Company derecognises insurance contracts when:

- The rights and obligations relating to the contract are extinguished (i.e., discharged, cancelled or expired), or
- The contract is modified such that the modification results in A change in the measurement model or the applicable standard for measuring A component of the contract, substantially changes the contract boundary, or requires the modified contract to be included in A different group. in such cases, the Company derecognises the initial contract and recognises the modified contract as A new contract.

When a modification is not treated as a derecognition, the Company recognises amounts paid or received for the modification with the contract as an adjustment to the relevant liability for remaining coverage.

Presentation

The Company presents separately, in the statement of financial position, the carrying amount of portfolios of insurance contracts issued that are assets, portfolios of insurance contracts issued that are liabilities, portfolios of reinsurance contracts held that are assets and portfolios of reinsurance contracts held that are liabilities.

The Company disaggregates the total amount recognised in the statement of income into an insurance service result, comprising insurance revenue and insurance service expense, and insurance finance income or expenses.

The Company separately presents income or expenses from reinsurance contracts held from the expenses or income from insurance contracts issued.

Insurance revenue

The insurance revenue for the period is the amount of expected premium receipts allocated to the period (excluding any investment component). The Company allocates the expected premium receipts to each period of insurance contract services on the basis of the passage of time. But if the expected pattern of release of risk during the coverage period differs significantly from the passage of time, then the allocation is made on the basis of the expected timing of incurred insurance service expenses.

The Company changes the basis of allocation between the two methods above as necessary, if facts and circumstances change. The change is accounted for prospectively as a change in accounting estimate.

For the periods presented, all revenue has been recognised on the basis of the passage of time.

Fee income from takaful is calculated in accordance with the terms of agreement and is accounted for on an accrual basis and are recognised in insurance revenue.

3 MATERIAL ACCOUNTING POLICIES (continued)

3.1 Insurance and reinsurance contracts (continued)

Loss components

The Company assumes that no contracts are onerous at initial recognition unless facts and circumstances indicate otherwise. Where this is not the case, and if at any time during the coverage period, the facts and circumstances indicate that a group of insurance contracts is onerous, the Company establishes a loss component as the excess of the fulfilment cash flows that relate to the remaining coverage of the group over the carrying amount of the liability for remaining coverage of the group. Accordingly, by the end of the coverage period of the group of contracts the loss component will be zero.

Loss-recovery components

Where the Company recognises a loss on initial recognition of an onerous group of underlying insurance contracts, or when further onerous underlying insurance contracts are added to a group, the Company establishes a loss-recovery component of the asset for remaining coverage for a group of reinsurance contracts held depicting the expected recovery of the losses. A loss-recovery component is subsequently reduced to zero in line with reductions in the onerous group of underlying insurance contracts in order to reflect that the loss-recovery component shall not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the entity expects to recover from the group of reinsurance contracts held.

Insurance finance income and expense / reinsurance finance income and expenses

Insurance / reinsurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts issued / reinsurance contracts held arising from:

- The effect of the time value of money and changes in the time value of money; and
- The effect of financial risk and changes in financial risk.

The Company presents insurance / reinsurance finance income or expenses on group of insurance contracts issued / reinsurance contracts held in the statement of income.

Net income or expense from reinsurance contracts held

The Company presents separately on the face of the statement of income, the amounts expected to be recovered from reinsurers, and an allocation of the reinsurance premiums paid. The Company treats reinsurance cash flows that are contingent on claims on the underlying contracts as part of the claims that are expected to be reimbursed under the reinsurance contract held and excludes commissions from an allocation of reinsurance premiums presented on the face of the statement of income.

Accounting for shared pools

The Company measures its share in the IDI under joint operation and presented in the note 7 of the financial staement. The Company measures it's share from the Hajj & Umrah and Travel and Covid-19 in proption of its shated under the insurance revenue.

3 MATERIAL ACCOUNTING POLICIES (continued)

3.1 Insurance and reinsurance contracts (continued)

Policyholder surplus accounting

Policyholder surplus as described in note 1 to these financial statements are recognized under liability for incurred claims within insurance contract liabilities with the corresponding effect recorded under insurance service expenses.

The Company writes back surplus to 'other income' in the statement of income that remains unclaimed for more than 10 years.

3.2 IFRS 9 – Financial instruments

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.

IFRS 9 has not been applied to financial instruments that have already been derecognized at the date of initial application i.e., 1 January 2023.

Initial recognition

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially recognised on the trade date measured at their fair value. Except for financial assets and financial liabilities recorded at Fair value through profit or loss, transaction costs are added to this amount.

3.2.1 Financial assets held on or recognised after 1 January 2023

Measurement categories

The Company classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms. The categories include the following:

- Amortised cost
- Fair value through other comprehensive income ("FVOCI")
- Fair value through profit or loss ("FVTPL")

3 MATERIAL ACCOUNTING POLICIES (continued)

3.2 IFRS 9 – Financial instruments (continued)

3.2.1 Financial assets held on or recognised after 1 January, 2023 (continued)

Debt instrument measured at amortised cost

Debt instruments are held at amortised cost if both of the following conditions are met:

- The instruments are held within a business model with the objective of holding the instrument to collect the contractual cash flows,
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

The details of these conditions are outlined below:

a) Business model assessment

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Company holds financial assets to generate returns and provide a capital base to provide for settlement of claims as they arise. The Company considers the timing, amount, and volatility of cash flow requirements to support insurance liability portfolios in determining the business model for the assets as well as the potential to maximise return for shareholders and future business development.

The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios that is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Company's key management personnel.
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed.
- The expected frequency, value and timing of asset sales are also important aspects of the Company's assessment.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

b) The solely payments of principal and interest (SPPI) test

As a second step of its classification process the Company assesses the contractual terms to identify whether they meet the SPPI test.

Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium / discount).

The most significant elements of interest within a debt arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Company applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

3 MATERIAL ACCOUNTING POLICIES (continued)

3.2 IFRS 9 – Financial instruments (continued)

3.2.1 Financial assets held on or recognised after 1 January, 2023 (continued)

b) The solely payments of principal and interest (SPPI) test (continued)

Financial instruments at fair value through other comprehensive income

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

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and
- its contractual terms give rise on specified dates to cash flows that are SPPI.

The Company elects to present changes in the fair value of certain equity investments that are not held for trading in other comprehensive income. The election is made on an instrument-by-instrument basis on initial recognition and is irrevocable.

Financial assets measured at fair value through profit or loss

All financial assets not classified as measured at amortised cost or FVOCI as described above are 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 amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. These instruments largely comprise debt instruments that had previously been classified as available-for-sale.

This investment portfolio has been designated at fair value through profit or loss since the Company has provided an unconditional mandate to the Investment Manager to make purchases and sales decisions without referring to the Company for each transaction. Hence, the Company does not carry the capacity to hold these Investments to realize contractual cash flows on these Investments, either partly or wholly.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and balances with banks including mudaraba / murabaha deposits with less than three months maturity from the date of acquisition.

Subsequent measurement

Debt instrument at amortised cost

After initial measurement, financial assets are measured at amortised cost, using the effective interest rate (EIR) method, less allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. ECLs are recognised in the statement of income and deducted from the gross carrying amount of an asset.

Financial assets at fair value through other comprehensive income

Equity instruments that are measured at FVOCI category are subsequently measured at fair value. Dividends are recognised as income in the statement of income when the Company's right to receive payment is established, unless they clearly represent a recovery of part of the cost of the investment. Other net gains and losses are recognised in the statement of comprehensive income and are never reclassified to the statement of income. Cumulative gains and losses recognised in the statement of comprehensive income are transferred to retained earnings on disposal of an investment.

3 MATERIAL ACCOUNTING POLICIES (continued)

3.2 IFRS 9 – Financial instruments (continued)

3.2.1 Financial assets held on or recognised after 1 January, 2023 (continued)

b) The solely payments of principal and interest (SPPI) test (continued)

Financial assets at fair value through profit or loss

Financial assets that are measured at FVTPL category are subsequently measured at fair value. Changes in fair value are recorded in the statement of income. Interest earned on assets mandatorily required to be measured at FVTPL is recorded using contractual interest rate.

Dividend income is recorded in statement of income when the right to the payment has been established.

Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Company has neither transferred nor retained substantially all of the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Company's continuing involvement, in which case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

On derecognition of a financial asset, the difference between the carrying amount at the date of derecognition and the consideration received (including any new asset obtained less any new liability assumed) is recognised in the statement of income or statement of comprehensive income as the case may be.

Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model. The Company applies the expected credit losses ('ECL') on its financial assets measured at amortised cost and FVOCI, which are in the scope of IFRS 9 for impairment. The Company recognises a loss allowance for such losses at each

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

3 MATERIAL ACCOUNTING POLICIES (continued)

3.2 IFRS 9 – Financial instruments (continued)

3.2.1 Financial assets held on or recognised after 1 January, 2023 (continued)

Impairment of financial assets (continued)

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The receivable from broker / agents to be in default when it is due more than 365 while the Company considers other financial asset to be in default (credit impaired) when contractual payments are 30 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

- PD: The Probability of Default is an estimate of the likelihood of default over a given time horizon. It is estimated with consideration of economic scenarios and forward-looking information.
- EAD: The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, and accrued interest from missed payments
- LGD: The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the Company would expect to receive. It is usually expressed as a percentage of the EAD.

The Company allocates its assets subject to ECL calculations to one of these categories, determined as follows:

Stage 1 12-month ECL (12mECL):

The 12mECL is calculated as the portion of life time ECLs (LTECLs) that represent the ECLs that result from default events on a financial instrument that are possible within 12 months after the reporting date. The Company calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an appropriate EIR.

Stage 2 LTECL:

When an instrument has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected losses are discounted by an appropriate EIR.

Stage 3 Credit impaired:

For debt instruments considered credit-impaired, the Company recognizes the lifetime expected credit losses for these instruments. The method is similar to that for LTECL assets, with the PD set at 100%.

Receivable from brokers / agents

Insurance contracts sold via brokers where brokers have collected the premiums from the insured and not yet paid to the Company are classified as "receivable from brokers / agents". The balances are outside the contract boundary of insurance contracts issued and are subject to impairment assessment based on simplified approach of IFRS 9. Under IFRS 9 simplified approach, the Company measures the loss allowance at an amount equal to lifetime expected credit losses for broker receivables.

3 MATERIAL ACCOUNTING POLICIES (continued)

3.2 IFRS 9 – Financial instruments (continued)

3.2.1 Financial assets held on or recognised after 1 January, 2023 (continued)

Impairment of financial assets (continued)

Forward looking information

In its ECL models, the Company relies on a broad range of forward-looking information as economic inputs, such as:

- GDP growth
- Inflation

Write-offs

Financial assets are written off either partially or in their entirety only when the Company has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to expected credit loss expense. There were no write-offs over the period reported in these financial statements.

All potential write-offs are reviewed for recoverability before it is submitted to the Board for their approval as per Company's standard operating procedures.

3.2.2 Financial liabilities

All financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities at amortised costs are initially measured at fair value minus transaction costs.

Financial liabilities are subsequently measured at amortised cost using the effective yield method.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired.

Recognition of commission income

Under IFRS 9, commission income is recorded using the effective interest rate (EIR) method for all debt instruments measured at amortised cost.

If expectations of a fixed rate financial asset's cash flows are revised for reasons other than credit risk, the changes to future contractual cash flows are discounted at the original EIR with a consequential adjustment to the carrying amount. The difference to the previous carrying amount is booked as a positive or negative adjustment to the carrying amount of the financial asset in the statement of financial position with a corresponding increase or decrease in commission income.

3 MATERIAL ACCOUNTING POLICIES (continued)

3.3 Right-of-use Assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). The Company applies the cost model, and measure right of use asset at cost;

1. less any accumulated amortization and any accumulated impairment losses; and
2. adjusted for any re-measurement of the lease liability for lease modifications.

Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, generally, the initial carrying value of a right-of-use asset would be equal to the lease liability. However,

if there are additional costs such as site preparation, non-refundable deposits, application money, other expenses related to transaction etc needs to be added to the right of use asset value.

The recognised right-of-use assets are amortized on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment. The estimated useful lives of the assets for the calculation of amortization are as follows:

	Years
Right-of-use assets	5 to 20

Lease Liabilities

On initial recognition, the lease liability is the present value of all remaining payments to the lessor, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company’s incremental borrowing rate is used.

After the commencement date, Company measures the lease liability by:

1. Increasing the carrying amount to reflect interest on the lease liability.
2. Reducing the carrying amount to reflect the lease payments made and;
3. Re-measuring the carrying amount to reflect any re-assessment or lease modification.

The lease liability is measured at amortized cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets, including IT equipment. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

3.4) Segment reporting

An operating segment is a component of the Company that is engaged in business activities from which it earns revenues and incur expenses and about which discrete financial statements is available that is evaluated regularly by the chief excecutive officer deciding how to allocate resources and in assessing performance.

3 MATERIAL ACCOUNTING POLICIES (continued)

3.4 Segment reporting (continued)

Segment assets do not include cash and cash equivalents, short-term deposits, long-term deposits, statutory deposit, investments, prepaid expenses and other receivable, due from shareholders' / insurance operations, right-of-use asset, furniture and equipment, intangible assets and accrued income on statutory deposit.

Segment liabilities do not include accrued expenses and other liabilities, lease liability, due to a related party, employee benefit obligations, zakat and income tax, due to shareholders' / insurance operations and accrued income payable to Insurance Authority.

For management purposes, the Company is organized into business units based on their products and services and has the following reportable segments:

- i- Medical
- ii- Motor
- iii- Property
- iv- Engineering
- v- Marine
- vi- Others

Segment performance is evaluated based on profit or loss which, in certain respects, is measured differently from profit or loss in the financial statements

3.5 Cash and cash equivalents

Cash and cash equivalents include cash in hand and with banks and other short-term highly liquid investments, if any, with less than three months maturity from the date of acquisition.

3.6 Short-term and long-term deposits

Short-term deposits comprise of time deposits with banks with maturity periods of more than three months and less than one year from the date of placement. Long-term deposits represent time deposits with maturity periods of more than one year from the date of placement.

3.7 Property and equipment

Furniture and equipment are initially recorded at cost and are subsequently stated at cost less accumulated depreciation and any impairment loss, if any. Cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of income during the financial period in which they are incurred.

3 MATERIAL ACCOUNTING POLICIES (continued)

3.7 Property and equipment (continued)

Property and equipment are stated at cost less accumulated depreciation and any impairment losses. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of income during the financial period in which they are incurred. The cost of other items of property and equipment is depreciated on the straight line method to allocate the cost over estimated useful lives, as follows:

	Years
Leasehold improvements	5
Computer & Peripherals	4
Furniture and fixtures	10
Office equipment	4-5
Motor vehicle	5

The assets' residual values, depreciation and useful lives are reviewed at each reporting date and adjusted if appropriate. The carrying values of these assets are reviewed for impairment when event or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are included in "Other income" in the statement of income.

3.8 Provisions, accrued expenses and other liabilities

Liabilities are recognized for amounts to be paid for goods and services received, whether or not billed to the Company.

Provisions are recognized when the Company has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and able to be reliably measured.

3.9 Provision for employees' end-of-service benefits

The Company operates a single post-employment benefit scheme of defined benefit plan driven by the labor laws and workman laws of the Kingdom of Saudi Arabia which is based on most recent salary and number of

The post-employment benefits plans are not funded. Accordingly, valuations of the obligations under the plan are carried out by an independent actuary based on the projected unit credit method. The costs relating to such plans primarily consist of the present value of the benefits attributed on an equal basis to each year of service and the interest on this obligation in respect of employee service in previous years.

3 MATERIAL ACCOUNTING POLICIES (continued)

3.9 Provision for employees' end-of-service benefits (continued)

Current and past service costs related to post-employment benefits and unwinding of the liability at discount rates used are recorded in the statement of income. Any changes in net liability due to actuarial valuations and changes in assumptions are taken as re-measurement in the statement of comprehensive income.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized directly in the statement of comprehensive income and transferred to retained earnings in the statement of changes in equity in the period in which they occur.

Changes in the present value of the defined benefit obligations resulting from plan amendments or curtailments are recognized immediately in statement of income as past service costs. End of service payments are based on employees' final salaries and allowances and their cumulative years of service, as stated in the labor law of Saudi Arabia.

3.10 Zakat

The Company is subject to zakat in accordance with the regulations of the Zakat, Tax, and Customs Authority ("ZATCA"). Zakat is calculated based on higher of approximate zakat base and adjusted profit and charged to profit or loss. Additional zakat, if any, is accounted for when determined to be required for payment.

Amounts accrued for zakat expense in one year may have to be adjusted in a subsequent year if the estimate of the annual charge changes. Additional current income tax, if any, is accounted for when determined to be required for payment.

3.11 Seasonality of operations

There are no seasonal changes that affect insurance operations.

3.12 Going concern

The Company's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

3.13 Statutory deposit

The statutory deposit, which is equal to 15% of the Company's paid up capital, consisted mainly of murabaha deposit maintained at a local bank in compliance with Insurance Authority's requirement. Statutory deposit is shown separately in financial statement as financial assets measured at amortised cost.

3.14 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

3.15 Withholding tax

The Company withholds taxes on certain transactions with non-resident parties as required under Saudi Arabian Income Tax Law.

3 MATERIAL ACCOUNTING POLICIES (continued)

3.15 Value Added Tax (VAT)

Output VAT related to revenue is payable to tax authorities on the earlier of:

(a) Collection of receivables from customers or
(b) Delivery of services to customers or
(c) Issuance of tax invoices to customers.

Input VAT is generally recoverable against output VAT upon receipt of the VAT invoice. The tax authorities permit the settlement of VAT on a net basis.

VAT related to sales/services and purchases is recognized in the statement of financial position on a gross basis and disclosed separately as an asset and a liability.

VAT that is not recoverable is charged to statement of income as expense.

3.16 Cash flow statement

The Company's main cash flows are from insurance operations which are classified as cash flow from operating activities. Cash flows generated from investing and financing activities are classified accordingly.

3.17 Foreign currencies

Transactions in foreign currencies are recorded in Saudi Riyals at the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated to Saudi Riyals at the rate of exchange prevailing at the statement of financial position date. All differences are taken to the statements of income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction and are not subsequently restated. Foreign exchange gains or losses on investments are recognized in "Other income, net" in the statement of income. As the Company's foreign currency transactions are primarily in US dollars, foreign exchange gains and losses are not significant.

3.18 Offsetting

Financial assets and financial liabilities are offset, and the net amount reported in the statement of financial position only when there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liability simultaneously. Income and expense is not offset unless required or permitted by any accounting standard or interpretation.

3.19 Trade date accounting

All regular way purchases and sales of financial assets are recognized / derecognized on the trade date (i.e., the date that the Company commits to purchase or sell the assets). Regular way purchases or sales are purchases or sales of financial assets that require settlement of assets within the time frame generally established by regulation or convention in the marketplace.

3.20 Surplus distribution payable

The Company shall write-back surplus to 'other income' in the statement of income that remains unclaimed for more than 10 years.

3 MATERIAL ACCOUNTING POLICIES (continued)

3.21 Contingencies and commitments

Contingent liability is :

A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or

a present obligation that arises from past events but is not recognized because :

it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

The amount of the obligation cannot be measured with sufficient reliability .

Contingent assets are not recognized in the financial statements. Contingent assets are not disclosed unless an inflow of economic benefits is probable .

Commitments represent binding agreements of the Group to carry out specified courses of action involving in a transfer of cash or other asset to the respective counterparties.

3.22 Management fee income (IDI)

Management fee income is calculated in accordance with the terms of shared pool agreements and is accounted for on an accrual basis.

(All amounts are in thousands Saudi Riyal unless otherwise stated)

4 CHANGE IN ACCOUNTING POLICIES AND TRANSITION TO IFRS 17 AND IFRS 9

As stated in note 2, this is the Company's first 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 financial statements for the year ended 31 December 2023 and 31 December 2022 and in the preparation of an opening IFRS 17 and IFRS 9 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 statement of financial position, the Company has adjusted amounts reported previously in financial statements under IFRS 4 and IAS 39.

Reclassification impact on the statement of financial position on adoption of IFRS 17

Presentation changes in the 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, claims handling 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 groups of contracts covering similar risks and which are managed together. Portfolios of insurance and reinsurance contracts are presented separately

Remeasurement impact on the statement of financial position on adoption of IFRS 17 & IFRS 9

Impact on equity:

Drivers of changes in equity	**Impact on equity on transition to IFRS 17 on 1 January 2022**
Changes in measurement of insurance contract liabilities	(21,486)
Changes in measurement of reinsurance contract assets	8,694
Impact on equity due to adoption of IFRS 9	1,384
Total Impact	**(11,408)**

(All amounts are in thousands Saudi Riyal unless otherwise stated)

4 CHANGE IN ACCOUNTING POLICIES AND TRANSITION TO IFRS 17 AND IFRS 9 (continued)

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

Impact on liabilities:

Drivers of changes in insurance contracts liabilities	Impact on liabilities on transition to IFRS 17 on 1 January 2022
Risk adjustment	15,160
Loss component on onerous contracts	7,150
Discounting impact	(2,882)
Others	2,058
Total Impact	**21,486**

Impact on assets:

Drivers of changes in reinsurance contracts assets	Impact on assets on transition to IFRS 17 on 1 January 2022
Risk adjustment	8,094
Discounting impact	(943)
Others	1,543
Total Impact	**8,694**

Reclassification impact on the 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

(All amounts are in thousands Saudi Riyal unless otherwise stated)

4 CHANGE IN ACCOUNTING POLICIES AND TRANSITION TO IFRS 17 AND IFRS 9 (continued)

a) Classification and Measurement of financial instruments

	IAS 39		**IFRS 9**	
	31 December 2021		**1 January 2022**	
	Measurement category	**Carrying amount**	**Measurement category**	**Carrying amount**
Financial Assets				
Cash and cash equivalents	Amortised cost	479,381	Amortised cost	475,801
Murabaha deposits	Amortised cost	129,113	Amortised cost	131,332
Available-for-sale investments				
Equity securities	AFS	59,762	FVTPL	10,542
Funds	AFS	96,604	FVTPL	108,227
Equity securities	AFS	5,260	FVTOCI	47,650
Investments in sukuks	Held to maturity	7,494	FVTPL	7,494
Held to maturity investments				
Investment in sukuks	Held to maturity	12,230	Amortised cost	5,200
Statutory deposit	Amortised cost	75,000	Amortised cost	74,986
Total financial assets		**864,844**		**861,232**

(All amounts are in thousands Saudi Riyal unless otherwise stated)

4 CHANGE IN ACCOUNTING POLICIES AND TRANSITION TO IFRS 17 AND IFRS 9 (continued)

b) Reconciliation of statement of financial position from IAS 39 to IFRS 9

	IAS 39 carrying amount	Reclassification	Remeasurement	IFRS 9 carrying amount
	31 December 2021			1 January 2022
Cash and cash equivalents				
Opening balance	479,381	-	-	479,381
Remeasurement: ECL allowance	-	-	(8)	(8)
	479,381	**-**	**(8)**	**479,373**
Murabaha Deposits				
Opening balance	129,113	-	-	129,113
Remeasurement: ECL allowance	-	-	(39)	(39)
	129,113	**-**	**(39)**	**129,074**
Available for sale financial assets				
Opening balance	161,626	-	-	161,626
To: Investments measure at FVTPL	-	(120,421)	-	(120,421)
To: Investments measure at FVTOCI	-	(16,205)	-	(16,205)
To: Investments measure at amortised cost	-	(25,000)	-	(25,000)
	161,626	**(161,626)**	**-**	**-**

(All amounts are in thousands Saudi Riyal unless otherwise stated)

4 CHANGE IN ACCOUNTING POLICIES AND TRANSITION TO IFRS 17 AND IFRS 9 (continued)

b) Reconciliation of statement of financial position from IAS 39 to IFRS 9 (continued)

	IAS 39 carrying 31 December 2021	Reclassification	Remeasurement	IFRS 9 carrying amount 1 January 2022
Investments measured at FVTPL				
Opening balance	-	-	-	-
From: Available for sale financial assets	-	170,860	-	170,860
	-	**170,860**	**-**	**170,860**
Investments measured at FVTOCI				
Opening balance	-	-	-	-
From: Available for sale financial assets	-	5,260	36,497	41,757
	-	**5,260**	**36,497**	**41,757**
Investments measured at amortised cost				
Opening balance	19,724	(7,494)	-	12,230
From: Available for sale financial assets	-	-	(10)	(10)
Remeasurement: ECL allowance	-	-	(20)	(20)
	19,724	**(7,494)**	**(30)**	**12,200**
Statutory deposits as amortised cost				
Opening balance	75,000	-	-	75,000
Remeasurement: ECL allowance	-	-	(14)	(14)
	75,000	**-**	**(14)**	**74,986**

(All amounts are in thousands Saudi Riyal unless otherwise stated)

4 CHANGE IN ACCOUNTING POLICIES AND TRANSITION TO IFRS 17 AND IFRS 9 (continued)

Reconciliation of statement of financial position as at 1 January 2022

	1 January 2022						
	Pre-adoption of IFRS 17 & IFRS 9	IFRS 17		IFRS 9		*Other remeasurement	Restated as at 1 January 2022
ASSETS		Reclassification	Remeasurement	Reclassification	Remeasurement		
Cash and cash equivalents	479,381	-	-	(3,572)	(8)	-	475,801
Murabaha deposits	129,113	-	-	2,258	(39)	-	131,332
Premiums and reinsurers' receivable - net	218,884	(218,884)	-	-	-	-	-
Reinsurers' share of unearned premiums	14,487	(14,487)	(1)	-	-	-	(1)
Reinsurers' share of outstanding claims	90,130	(90,130)	-	-	-	-	-
Reinsurers' share of claims incurred but not reported	20,802	(20,802)	-	-	-	-	-
Deferred policy acquisition costs	25,618	(25,618)	-	-	-	-	-
Deferred excess of loss premiums	83	(83)	-	-	-	-	-
Reinsurance contracts asset	-	106,008	280	-	-	-	106,288
Financial assets at FVTPL	-	-	-	177,826	-	-	177,826
Financial assets at FVTOCI	-	-	-	40,369	-	-	40,369
Financial assets at amortised cost – net	-	-	-	2,230	-	-	2,230
Available-for-sale investments	161,626	-	-	(161,626)	-	-	-
Investment held to maturity	19,724	-	-	(19,724)	-	-	-
Prepayments and other assets	104,857	(69,903)	(608)	-	-	(988)	33,358
Right of use assets	-	-	-	-	-	3,352	3,352
Property and equipment	4,846	-	-	-	-	-	4,846
Statutory deposit	75,000	-	-	-	(14)	-	74,986
Accrued commission income on statutory deposit	10,167	-	-	-	-	-	10,167
TOTAL ASSETS	**1,354,718**	**(333,899)**	**(329)**	**37,761**	**(61)**	**2,364**	**1,060,554**

(All amounts are in thousands Saudi Riyal unless otherwise stated)

4 CHANGE IN ACCOUNTING POLICIES AND TRANSITION TO IFRS 17 AND IFRS 9 (continued)

Reconciliation of statement of financial position as at 1 January 2022

	1 January 2022						
	Pre-adoption of	IFRS 17		IFRS 9		*Other remeasurement	Restated as at 1 January 2022
LIABILITIES	IFRS 17 & IFRS 9	Reclassification	Remeasurement	Reclassification	Remeasurement		
Policyholders claims payable	81,913	(81,913)	-	-	-	-	-
Accrued expenses and other liabilities	94,763	(57,064)	-	-	-	-	37,699
Lease liabilites	-	-	-	-	-	2,478	2,478
Reinsurance balances payable	25,809	(25,809)	-	-	-	-	-
Unearned premiums	427,085	(427,085)	-	-	-	-	-
Unearned reinsurance commission	3,488	(3,488)	-	-	-	-	-
Outstanding claims	59,549	(59,549)	-	-	-	-	-
Claims incurred but not reported (IBNR)	209,110	(209,110)	-	-	-	-	-
Additional premium reserve	28,412	(28,412)	-	-	-	-	-
Other technical reserves	4,432	(4,432)	-	-	-	-	-
Insurance contract liabilities	-	578,448	638	-	-	-	579,086
Employees' end-of-service benefits	20,154	-	-	-	-	-	20,154
Provision for zakat	17,252	-	-	-	-	-	17,252
Surplus distribution payable	1,008	(1,008)	-	-	-	-	-
Accrued return payable to Insurance Authority	10,167	-	-	-	-	-	10,167
TOTAL LIABILITIES	**983,142**	**(319,422)**	**638**	**-**	**-**	**2,478**	**666,836**
EQUITY							
Share capital	500,000	-	-	-	-	-	500,000
Statutory reserve	2,131	-	-	-	-	-	2,131
Accumulated losses	(120,408)	(12,827)	35	1,384	-	(114)	(131,930)
Investments fair value reserve	529			-	33,664	-	34,193
Re-measurement reserve of defined benefit obligation	(10,676)	-	-	-	-	-	(10,676)
TOTAL EQUITY	**371,576**	**(12,827)**	**35**	**1,384**	**33,664**	**(114)**	**393,718**
TOTAL LIABILITIES AND EQUITY	**1,354,718**	**(332,249)**	**673**	**1,384**	**33,664**	**2,364**	**1,060,554**

(All amounts are in thousands Saudi Riyal unless otherwise stated)

4 CHANGE IN ACCOUNTING POLICIES AND TRANSITION TO IFRS 17 AND IFRS 9 (continued)

Reconciliation of statement of financial position as at 31 December 2022

	31 December 2022						
	Pre-adoption of IFRS 17 & IFRS 9	IFRS 17		IFRS 9		*Other remeasurement	Restated as at 31 December 2022
ASSETS		Reclassification	Remeasurement	Reclassification	Remeasurement		
Cash and cash equivalents	342,270	-	-	(5,738)	(2)	-	336,530
Murabaha deposits	155,126	-	-	2,861	(23)	-	157,964
Premiums and reinsurers' receivable - net	246,395	(246,395)	-	-	-	-	-
Reinsurers' share of unearned premiums	20,683	(20,683)	-	-	-	-	-
Reinsurers' share of outstanding claims	130,493	(130,493)	-	-	-	-	-
Reinsurers' share of claims incurred but not reported	9,197	(9,197)	-	-	-	-	-
Deferred policy acquisition costs	29,434	(29,434)	-	-	-	-	-
Deferred excess of loss premiums	92	(92)	-	-	-	-	-
Reinsurance contracts asset	-	123,310	3,445	-	-	-	126,755
Financial assets at FVTPL	-	-	-	163,406	-	-	163,406
Financial assets at FVTOCI	-	-	-	43,120	-	-	43,120
Financial assets at amortised cost – net	-	-	-	5,201	-	-	5,201
Available-for-sale investments	158,533	-	-	(158,533)	-	-	-
Investment held to maturity	22,699	-	-	(22,699)	-	-	-
Prepayments and other assets	167,301	(71,824)	-	-	-	(266)	95,211
Right of use assets	-	-	-	-	-	2,055	2,055
Property and equipment	4,114	-	-	-	-	-	4,114
Statutory deposit	75,000	-	-	-	(14)	-	74,986
Accrued commission income on statutory deposit	10,778	-	-	-	-	-	10,778
TOTAL ASSETS	**1,372,115**	**(384,808)**	**3,445**	**27,618**	**(39)**	**1,789**	**1,020,120**

(All amounts are in thousands Saudi Riyal unless otherwise stated)

4 CHANGE IN ACCOUNTING POLICIES AND TRANSITION TO IFRS 17 AND IFRS 9 (continued)

Reconciliation of statement of financial position as at 31 December 2022

	31 December 2022						
	Pre-adoption of IFRS 17 & IFRS 9	IFRS 17		IFRS 9		*Other remeasurement	Restated as at 31 December 2022
LIABILITIES		Reclassification	Remeasurement	Reclassification	Remeasurement		
Policyholders claims payable	72,305	(72,305)	-	-	-	-	-
Accrued expenses and other liabilities	118,429	(75,908)	-	-	-	-	42,521
Lease liabilities	-	-	-	-	-	1,732	1,732
Reinsurance balances payable	38,973	(38,973)	-	-	-	-	-
Unearned premiums	420,888	(420,888)	-	-	-	-	-
Unearned reinsurance commission	4,686	(4,686)	-	-	-	-	-
Outstanding claims	75,520	(75,520)	-	-	-	-	-
Claims incurred but not reported (IBNR)	243,285	(243,285)	-	-	-	-	-
Additional premium reserve	4,985	(4,985)	-	-	-	-	-
Other technical reserves	4,028	(4,028)	-	-	-	-	-
Insurance contract liabilities	-	561,614	8,680	-	-	-	570,294
Employees' end-of-service benefits	17,149	-	-	-	-	-	17,149
Provision for zakat	23,631	-	-	-	-	-	23,631
Surplus distribution payable	1,008	(1,008)	-	-	-	-	-
Accrued return payable to Insurance Authority	10,778	-	-	-	-	-	10,778
TOTAL LIABILITIES	**1,035,665**	**(379,972)**	**8,680**	**-**	**-**	**1,732**	**666,105**
EQUITY							
Share capital	500,000	-	-	-	-	-	500,000
Statutory reserve	2,131	-	-	-	-	-	2,131
Accumulated losses	(148,723)	-	(8,232)	(16,200)	(39)	57	(173,137)
Investments fair value reserve	(7,513)	-	-	41,407	-	-	33,894
Re-measurement reserve of defined benefit obligation	(9,445)	-	-	572	-	-	(8,873)
TOTAL EQUITY	**336,450**	**-**	**(8,232)**	**25,779**	**(39)**	**57**	**354,015**
TOTAL LIABILITIES AND EQUITY	**1,372,115**	**(379,972)**	**448**	**25,779**	**(39)**	**1,789**	**1,020,120**

(All amounts are in thousands Saudi Riyal unless otherwise stated)

4 CHANGE IN ACCOUNTING POLICIES AND TRANSITION TO IFRS 17 AND IFRS 9 (continued)

Remeasurement impact on statement of comprehensive income on adoption of IFRS 17 & IFRS 9 for the year ended 31 December 2022

	31 December 2022						
	Pre-adoption of	IFRS 17		IFRS 9		*Other	Restated as at 31
REVENUES	IFRS 17 & IFRS 9	Reclassification	Remeasurement	Reclassification	Remeasurement	remeasurement	December 2022
Gross premiums written	944,376	(944,376)	-	-	-	-	-
Reinsurance premiums ceded	(70,567)	70,567	-	-	-	-	-
Excess of loss expenses	(16,130)	16,130	-	-	-	-	-
Net premiums written	857,679	(857,679)	-	-	-	-	-
						-	
Movement in unearned premiums, net	12,393	(12,393)	-	-	-	-	-
Net premiums earned	870,072	(870,072)	-	-	-	-	-
						-	
Reinsurance commissions	13,768	(13,768)	-	-	-	-	-
Other underwriting income	21,297	(21,297)	-	-	-	-	-
NET REVENUES	905,137	(905,137)	-	-	-	-	-
Insurance revenue	-	971,416	1,676	-	-	-	973,092
Insurance service expense and finance cost	-	(1,021,699)	31,431	-	-	-	(990,268)
Net insurance service result	-	(50,283)	33,107	-	-	-	(17,176)
Allocation of reinsurance premiums	-	(66,732)	-	-	-	-	(66,732)
Amounts recoverable from reinsurance and finance income	-	34,661	4,062	-	-	-	38,723
Net expenses from reinsurance contracts held	-	(32,071)	4,062	-	-	-	(28,009)

(All amounts are in thousands Saudi Riyal unless otherwise stated)

4 CHANGE IN ACCOUNTING POLICIES AND TRANSITION TO IFRS 17 AND IFRS 9 (continued)

Remeasurement impact on statement of comprehensive income on adoption of IFRS 17 & IFRS 9 for the year ended 31 December 2022 (continued)

	31 December 2022						
	Pre-adoption of IFRS 17 & IFRS 9	IFRS 17		IFRS 9		*Other remeasurement	Restated as at 31 December 2022
		Reclassification	Remeasurement	Reclassification	Remeasurement		
UNDERWRITING COSTS AND EXPENSES							
Gross claims paid	(760,989)	760,989	-	-	-	-	-
Reinsurers' share of claims paid	13,052	(13,052)	-	-	-	-	-
Net claims paid	(747,937)	747,937	-	-	-	-	-
Movement in outstanding claims, net	24,392	(24,392)	-	-	-	-	-
Movement in claims incurred but not reported, net	(45,780)	45,780	-	-	-	-	-
Movement in additional premium reserve	23,427	(23,427)	-	-	-	-	-
Movement in other technical reserves	404	(404)	-	-	-	-	-
Net claims incurred	(745,494)	745,494	-	-	-	-	-
Policy acquisition costs	(71,538)	71,538	-	-	-	-	-
Other underwriting expenses	(26,835)	26,835	-	-	-	-	-
Total underwriting costs	(843,867)	843,867	-	-	-	-	-
Investment income on financial assets at amortised cost	-	-	-	21,976	-	-	21,976
Investment income on financial assets at FVTPL	-	-	-	8,450	-	-	8,450
Net credit impairment losses on financial assets	-	-	-	-	22	-	22
Other investment income	-	-	-	1,072	-	-	1,072
Net investment income	-	-	-	31,498	22	-	31,520
Net insurance and investment result	-	(143,624)	37,169	31,498	22	-	(13,665)

(All amounts are in thousands Saudi Riyal unless otherwise stated)

4 CHANGE IN ACCOUNTING POLICIES AND TRANSITION TO IFRS 17 AND IFRS 9 (continued)

Remeasurement impact on statement of comprehensive income on adoption of IFRS 17 & IFRS 9 for the year ended 31 December 2022 (continued)

	31 December 2022						
	Pre-adoption of IFRS 17 & IFRS 9	IFRS 17		IFRS 9		*Other remeasurement	Restated as at 31 December 2022
		Reclassification	Remeasurement	Reclassification	Remeasurement		
OTHER INCOME / (EXPENSES)							
Provision for doubtful debts	(481)	481	-	-	-	-	-
Salaries and staff related costs	(82,502)	82,502	-	-	-	-	-
Other general and administrative expenses	(51,115)	51,115	-	-	-	-	-
Investment income	37,542	-	-	(37,542)	-	-	-
Share of profit from investment in associate	12,569	-	-	(10,785)	-	-	1,784
Other income	4,690	-	-	-	-	-	4,690
Other operating expenses	-	(23,899)	-	-	-	-	(23,899)
Total other expenses, net	(79,297)	110,199	-	(48,327)	-	-	(17,425)
Net income loss for the year	(18,027)	(33,425)	37,169	(16,829)	22	-	(31,090)
Net loss attributable to shareholders before zakat	(18,027)	(33,425)	37,169	(16,829)	22	-	(31,090)
Zakat charge for the year	(10,288)	-	-	-	-	-	(10,288)
Net loss attributable to shareholders' operations	(28,315)	(33,425)	37,169	(16,829)	22	-	(41,378)

(All amounts are in thousands Saudi Riyal unless otherwise stated)

4 CHANGE IN ACCOUNTING POLICIES AND TRANSITION TO IFRS 17 AND IFRS 9 (continued)

Remeasurement impact on statement of comprehensive income on adoption of IFRS 17 & IFRS 9 for the year ended 31 December 2022 (continued)

	31 December 2022						
	Pre-adoption of IFRS 17 & IFRS 9	IFRS 17		IFRS 9		*Other remeasurement	Restated as at 31 December 2022
		Reclassification	Remeasurement	Reclassification	Remeasurement		
Net loss for the year attributable to shareholders	(28,315)	(33,425)	37,169	(16,829)	22	-	(41,378)
Items that will be recycled to statements of income in subsequent years							
Change in fair value of available-for-sale investments, net	(8,042)	-	-	6,044	-	-	(1,998)
Items that will not be recycled to statements of income in subsequent years							
Re-measurement gain / (loss) on end of service benefits	1,803	-	-	-	-	-	1,803
Re-measurement loss on end of service benefits from investment in associate	(572)	-	-	572	-	-	-
Total other comprehensive income for the year	(6,811)	-	-	6,616	-	-	(195)
Total comprehensive loss for the year	(35,126)	(33,425)	37,169	(10,213)	22	-	(41,573)

(All amounts are in thousands Saudi Riyal unless otherwise stated)

5 CASH AND CASH EQUIVALENTS

	31 December 2023	31 December 2022 Restated	1 January 2022 Restated
Insurance operations			
Cash in banks	**103,196**	175,292	37,074
Cash on hand	**19**	19	19
Short term murabaha deposits	**-**	59,085	165,479
Accrued income on murabaha deposits	**-**	613	1,705
Less: ECL allowance	**-**	(2)	(5)
	103,215	235,007	204,272
Shareholders' operations			
Cash in banks	**7,357**	80,902	141,930
Short term murabaha deposits	**-**	20,169	128,400
Accrued income on murabaha deposits	**-**	453	1,232
Less: ECL allowance	**(1)**	(1)	(3)
	7,356	101,523	271,559
Total cash and cash equivalents	**110,571**	336,530	475,831

Short term murabaha deposits have original maturity of less than three months from the date of acquisition and are subject to an average commission rate of 5.43% per annum as at 31 December 2023 (31 December 2022: 4.27%) (1 January 2022: 1.73%).

Cash and cash equivalents includes an amount of SR 6.7 million 31 December 2023 (1 January 2022: SR 9.2 million) that pertains to the Company's share of Inherent Defect Insurance (IDI) portfolio.

6 MURABAHA DEPOSITS

	31 December 2023	31 December 2022 Restated	01 January 2022 Restated
Insurance operations			
Murabaha deposits	**176,207**	129,496	125,925
Accrued income on murabaha deposits	**7,136**	5,889	5,445
Less: ECL allowance	**(55)**	(32)	(38)
	183,288	135,353	131,332
Shareholders' operations			
Murabaha deposits	**141,640**	22,617	-
Accrued income on murabaha deposits	**4,452**	-	-
Less: ECL allowance	**(8)**	(5)	-
	146,084	22,612	**-**
Total murabaha deposits	**329,372**	157,965	131,332

Murabaha deposits have an original maturity of more than three months from the date of acquisition and are subject to an average commission rate of 5.21% per annum as at 31 December 2023 (31 December 2022: 3.49%) (1 January 2022: 1.57% per annum).

Murabaha deposits includes an amount of SR 5.8 million as at 31 December 2023 (2022: SR 2.1 million) that pertains to the Company's share of Inherent Defect Insurance (IDI) portfolio.

(All amounts are in thousands Saudi Riyal unless otherwise stated)

7 INSURANCE AND REINSURANCE CONTRACTS

7.1 Analysis by remaining coverage and incurred claims for insurance contracts measured in PAA

	31 December 2023 - Medical				
	Liability for remaining coverage		Liability for incurred claims		
Premium allocation approach	Excluding loss component	Loss component	Present value of future cash flows	Risk adjustment	Total
Opening insurance contract liabilities	86,357	1,214	135,022	4,901	227,494
Insurance revenue	(519,878)	-	-	-	(519,878)
Insurance service expense					
Incurred claims	-	-	532,731	3,740	536,471
Other incurred insurance service expenses	-	-	44,345	-	44,345
Insurance acquisition amortization	64,695	-	-	-	64,695
(Reversals) / losses on onerous contracts	-	679	-	-	679
Changes that relate to past service	-	-	(102,732)	(4,415)	(107,147)
	64,695	679	474,344	(675)	539,043
Total insurance service result	(455,183)	679	474,344	(675)	19,165
Finance costs	-	-	8,252	251	8,503
Cash flows					
Premium received	502,850	-	-	-	502,850
Claims and other expenses paid	-	-	(460,711)	-	(460,711)
Acquisition cash flows paid	(55,619)	-	-	-	(55,619)
Total cash flows	447,231	-	(460,711)	-	(13,480)
Net closing balance	78,405	1,893	156,907	4,477	241,682

	31 December 2023 - Motor				
	Liability for remaining coverage		Liability for incurred claims		
Premium allocation approach	Excluding loss component	Loss component	Present value of future cash flows	Risk adjustment	Total
Opening insurance contract liabilities	126,288	11,797	58,696	1,434	198,215
Insurance revenue	(330,752)	-	-	-	(330,752)
Insurance service expense					
Incurred claims	-	-	276,021	752	276,773
Other incurred insurance service expenses	-	-	29,162	-	29,162
Insurance acquisition amortization	58,360	-	-	-	58,360
(Reversals) / losses on onerous contracts	-	(11,797)	-	-	(11,797)
Changes that relate to past service	-	-	(61,684)	(839)	(62,523)
	58,360	(11,797)	243,499	(87)	289,975
Total insurance service result	(272,392)	(11,797)	243,499	(87)	(40,777)
Finance costs	-	-	2,979	56	3,035
Cash flows					
Premium received	165,056	-	-	-	165,056
Claims and other expenses paid	-	-	(267,577)	-	(267,577)
Acquisition cash flows paid	(32,393)	-	-	-	(32,393)
Total cash flows	132,663	-	(267,577)	-	(134,914)
Net closing balance	(13,441)	-	37,597	1,403	25,559

(All amounts are in thousands Saudi Riyal unless otherwise stated)

7 INSURANCE AND REINSURANCE CONTRACTS

7.1 Analysis by remaining coverage and incurred claims for insurance contracts measured in PAA (continued)

	31 December 2023 - Property				
	Liability for remaining coverage		Liability for incurred claims		
Premium allocation approach	**Excluding loss component**	**Loss component**	**Present value of future cash flows**	**Risk adjustment**	**Total**
Opening insurance contract liabilities	**(2,647)**	**2**	**95,604**	**2,769**	**95,728**
Insurance revenue	**(38,081)**	**-**	**-**	**-**	**(38,081)**
Insurance service expense					
Incurred claims	-	-	65,698	1,507	67,205
Other incurred insurance service expenses	-	-	5,130	-	5,130
Insurance acquisition amortization	9,745	-	-	-	9,745
(Reversals) / losses on onerous contracts	-	(2)	-	-	(2)
Changes that relate to past service	-	-	(62,975)	(1,711)	(64,686)
	9,745	(2)	7,853	(204)	17,392
Total insurance service result	**(28,336)**	**(2)**	**7,853**	**(204)**	**(20,689)**
Finance costs	**-**	**-**	**3,248**	**101**	**3,349**
Cash flows					
Premium received	36,585	-	-	-	36,585
Claims and other expenses paid	-	-	(34,547)	-	(34,547)
Acquisition cash flows paid	(6,162)	-	-	-	(6,162)
Total cash flows	**30,423**	**-**	**(34,547)**	**-**	**(4,124)**
Net closing balance	**(560)**	**-**	**72,158**	**2,666**	**74,264**

	31 December 2023 - Engineering				
	Liability for remaining coverage		Liability for incurred claims		
Premium allocation approach	**Excluding loss component**	**Loss component**	**Present value of future cash flows**	**Risk adjustment**	**Total**
Opening insurance contract liabilities	**634**	**4**	**4,191**	**1,666**	**6,495**
Insurance revenue	**(13,616)**	**-**	**-**	**-**	**(13,616)**
Insurance service expense					
Incurred claims	-	-	2,489	137	2,626
Other incurred insurance service expenses	-	-	1,565	-	1,565
Insurance acquisition amortization	3,581	-	-	-	3,581
(Reversals) / losses on onerous contracts	-	15	-	-	15
Changes that relate to past service	-	-	(1,438)	(1,462)	(2,900)
	3,581	15	2,616	(1,325)	4,887
Total insurance service result	**(10,035)**	**15**	**2,616**	**(1,325)**	**(8,729)**
Finance costs	**-**	**-**	**125**	**57**	**182**
Cash flows					
Premium received	31,586	-	-	-	31,586
Claims and other expenses paid	-	-	33,723	-	33,723
Acquisition cash flows paid	(17,021)	-	-	-	(17,021)
Total cash flows	**14,565**	**-**	**33,723**	**-**	**48,288**
Net closing balance	**5,164**	**19**	**40,655**	**398**	**46,236**

(All amounts are in thousands Saudi Riyal unless otherwise stated)

7 INSURANCE AND REINSURANCE CONTRACTS

7.1 Analysis by remaining coverage and incurred claims for insurance contracts measured in PAA (continued)

	31 December 2023 - Marine				
	Liability for remaining coverage		Liability for incurred claims		
Premium allocation approach	Excluding loss component	Loss component	Present value of future cash flows	Risk adjustment	Total
Opening insurance contract liabilities	(2,721)	-	24,976	3,907	26,162
Insurance revenue	(11,093)	-	-	-	(11,093)
Insurance service expense					
Incurred claims	-	-	1,403	94	1,497
Other incurred insurance service expenses	-	-	1,726	-	1,726
Insurance acquisition amortization	3,255	-	-	-	3,255
(Reversals) / losses on onerous contracts	-	-	-	-	-
Changes that relate to past service	-	-	(23,012)	(3,726)	(26,738)
	3,255	-	(19,883)	(3,632)	(20,260)
Total insurance service result	(7,838)	-	(19,883)	(3,632)	(31,353)
Finance costs	-	-	445	69	514
Cash flows					
Premium received	8,951	-	-	-	8,951
Claims and other expenses paid	-	-	(2,150)	-	(2,150)
Acquisition cash flows paid	(1,320)	-	-	-	(1,320)
Total cash flows	7,631	-	(2,150)	-	5,481
Net closing balance	(2,928)	-	3,388	344	804

	31 December 2023 - Others				
	Liability for remaining coverage		Liability for incurred claims		
Premium allocation approach	Excluding loss component	Loss component	Present value of future cash flows	Risk adjustment	Total
Opening insurance contract liabilities	202	-	3,589	268	4,059
Insurance revenue	(20,486)	-	-	-	(20,486)
Insurance service expense					
Incurred claims	-	-	5,506	95	5,601
Other incurred insurance service expenses	-	-	3,648	-	3,648
Insurance acquisition amortization	4,815	-	-	-	4,815
(Reversals) / losses on onerous contracts	-	-	-	-	-
Changes that relate to past service	-	-	(1,222)	(17)	(1,239)
	4,815	-	7,932	78	12,825
Total insurance service result	(15,671)	-	7,932	78	(7,661)
Finance costs	-	-	191	12	203
Cash flows					
Premium received	19,755	-	-	-	19,755
Claims and other expenses paid	-	-	1,297	-	1,297
Acquisition cash flows paid	(1,912)	-	-	-	(1,912)
Total cash flows	17,843	-	1,297	-	19,140
Net closing balance	2,374	-	13,009	358	15,741

(All amounts are in thousands Saudi Riyal unless otherwise stated)

7 INSURANCE AND REINSURANCE CONTRACTS

7.1 Analysis by remaining coverage and incurred claims for insurance contracts measured in PAA (continued)

	31 December 2022 Restated- Medical				
	Liability for remaining coverage		Liability for incurred claims		
Premium allocation approach	Excluding loss component	Loss component	Present value of Future cash flows	Risk adjustment	Total
Opening insurance contract liabilities	58,187	661	84,780	2,817	146,445
Insurance revenue	(457,183)				(457,183)
Insurance service expense					
Incurred claims	-	-	396,826	4,747	401,573
Other incurred insurance service expenses	-	-	30,397	-	30,397
Insurance acquisition amortization	51,770	-	-	-	51,770
(Reversals) / losses on onerous contracts	-	553	-	-	553
Changes that relate to past service	-	-	(65,371)	(2,770)	(68,141)
	51,770	553	361,852	1,977	416,152
Total insurance service result	(405,413)	553	361,852	1,977	(41,031)
Finance costs	-	-	2,989	107	3,096
Cash flows					
Premium received	523,569	-	-	-	523,569
Claims and other expenses paid	-	-	(314,599)	-	(314,599)
Acquisition cash flows paid	(89,986)	-	-	-	(89,986)
Total cash flows	433,583	-	(314,599)	-	118,984
Net closing balance	86,357	1,214	135,022	4,901	227,494

	31 December 2022 Restated - Motor				
	Liability for remaining coverage		Liability for incurred claims		
Premium allocation approach	Excluding loss component	Loss component	Present value of Future cash flows	Risk adjustment	Total
Opening insurance contract liabilities	191,628	14,460	108,532	1,994	316,614
Insurance revenue	(422,662)				(422,662)
Insurance service expense					
Incurred claims	-	-	507,591	1,063	508,654
Other incurred insurance service expenses	-	-	43,947	-	43,947
Insurance acquisition amortization	84,036	-	-	-	84,036
(Reversals) / losses on onerous contracts	-	(2,663)	-	-	(2,663)
Changes that relate to past service	-	-	(87,961)	(1,672)	(89,633)
	84,036	(2,663)	463,577	(609)	544,341
Total insurance service result	(338,626)	(2,663)	463,577	(609)	121,679
Finance costs	-	-	2,574	49	2,623
Cash flows					
Premium received	331,711	-	-	-	331,711
Claims and other expenses paid	-	-	(515,987)	-	(515,987)
Acquisition cash flows paid	(58,425)	-	-	-	(58,425)
Total cash flows	273,286	-	(515,987)	-	(242,701)
Net closing balance	126,288	11,797	58,696	1,434	198,215

(All amounts are in thousands Saudi Riyal unless otherwise stated)

7 INSURANCE AND REINSURANCE CONTRACTS (continued)

7.1 Analysis by remaining coverage and incurred claims for insurance contracts measured in PAA(continued)

	31 December 2022 Restated - Property				
	Liability for remaining coverage		Liability for incurred claims		
Premium allocation approach	Excluding loss component	Loss component	Present value of Future cash flows	Risk adjustment	Total
Opening insurance contract liabilities	(8,729)	-	63,384	1,639	56,294
Insurance revenue	(48,826)				(48,826)
Insurance service expense					
Incurred claims	-	-	57,646	1,708	59,354
Other incurred insurance service expenses	-	-	2,482	-	2,482
Insurance acquisition amortization	8,186	-	-	-	8,186
(Reversals) / losses on onerous contracts	-	2	-	-	2
Changes that relate to past service	-	-	(20,242)	(632)	(20,874)
	8,186	2	39,886	1,076	49,150
Total insurance service result	(40,640)	2	39,886	1,076	324
Finance costs	-	-	1,706	54	1,760
Cash flows					
Premium received	65,012	-	-	-	65,012
Claims and other expenses paid	-	-	(9,372)	-	(9,372)
Acquisition cash flows paid	(18,290)	-	-	-	(18,290)
Total cash flows	46,722	-	(9,372)	-	37,350
Net closing balance	(2,647)	2	95,604	2,769	95,728

	31 December 2022 Restated - Engineering				
	Liability for remaining coverage		Liability for incurred claims		
Premium allocation approach	Excluding loss component	Loss component	Present value of Future cash flows	Risk adjustment	Total
Opening insurance contract liabilities	(87)	-	8,331	2,957	11,201
Insurance revenue	(11,955)				(11,955)
Insurance service expense					
Incurred claims	-	-	2,318	785	3,103
Other incurred insurance service expenses	-	-	805	-	805
Insurance acquisition amortization	2,159	-	-	-	2,159
(Reversals) / losses on onerous contracts	-	4	-	-	4
Changes that relate to past service	-	-	(4,725)	(2,152)	(6,877)
	2,159	4	(1,602)	(1,367)	(806)
Total insurance service result	(9,796)	4	(1,602)	(1,367)	(12,761)
Finance costs	-	-	166	76	242
Cash flows					
Premium received	17,274	-	-	-	17,274
Claims and other expenses paid	-	-	(2,704)	-	(2,704)
Acquisition cash flows paid	(6,757)	-	-	-	(6,757)
Total cash flows	10,517	-	(2,704)	-	7,813
Net closing balance	634	4	4,191	1,666	6,495

(All amounts are in thousands Saudi Riyal unless otherwise stated)

7 INSURANCE AND REINSURANCE CONTRACTS (continued)

7.1 Analysis by remaining coverage and incurred claims for insurance contracts measured in PAA (continued)

	31 December 2022 Restated - Marine				
	Liability for remaining coverage		Liability for incurred claims		
Premium allocation approach	Excluding loss component	Loss component	Present value of Future cash flows	Risk adjustment	Total
Opening insurance contract liabilities	(1,705)	-	34,905	5,460	38,660
Insurance revenue	(10,845)				(10,845)
Insurance service expense					
Incurred claims	-	-	(7,263)	(477)	(7,740)
Other incurred insurance service expenses	-	-	(1,360)	-	(1,360)
Insurance acquisition amortization	1,319	-	-	-	1,319
(Reversals) / losses on onerous contracts	-	-	-	-	-
Changes that relate to past service	-	-	(7,482)	(1,172)	(8,654)
	1,319	-	(16,105)	(1,649)	(16,435)
Total insurance service result	(9,526)	-	(16,105)	(1,649)	(27,280)
Finance costs	-	-	615	96	711
Cash flows					
Premium received	13,823	-	-	-	13,823
Claims and other expenses paid	-	-	5,561	-	5,561
Acquisition cash flows paid	(5,313)	-	-	-	(5,313)
Total cash flows	8,510	-	5,561	-	14,071
Net closing balance	(2,721)	-	24,976	3,907	26,162

	31 December 2022 Restated - Others				
	Liability for remaining coverage		Liability for incurred claims		
Premium allocation approach	Excluding loss component	Loss component	Present value of Future cash flows	Risk adjustment	Total
Opening insurance contract liabilities	460	-	8,287	488	9,235
Insurance revenue	(21,622)				(21,622)
Insurance service expense					
Incurred claims	-	-	2,961	(53)	2,908
Other incurred insurance service expenses	-	-	2,154	-	2,154
Insurance acquisition amortization	3,076	-	-	-	3,076
(Reversals) / losses on onerous contracts	-	-	-	-	-
Changes that relate to past service	-	-	(2,308)	(181)	(2,489)
	3,076	-	2,807	(234)	5,649
Total insurance service result	(18,546)	-	2,807	(234)	(15,973)
Finance costs	-	-	236	14	250
Cash flows					
Premium received	20,711	-	-	-	20,711
Claims and other expenses paid	-	-	(7,741)	-	(7,741)
Acquisition cash flows paid	(2,423)	-	-	-	(2,423)
Total cash flows	18,288	-	(7,741)	-	10,547
Net closing balance	202	-	3,589	268	4,059

(All amounts are in thousands Saudi Riyal unless otherwise stated)

7 INSURANCE AND REINSURANCE CONTRACTS (continued)

7.1 Analysis by remaining coverage and incurred claims for insurance contracts measured in GMM

	31 December 2023			
General measurement model	**Present value of future cash flows**	**Risk adjustment**	**CSM**	**Total**
Opening insurance contract liabilities	**(4,739)**	**588**	**16,292**	**12,141**
Insurance revenue	**(806)**	**-**	**-**	**(806)**
Insurance service expense				
incurred expenses - current service	**(15,549)**	**-**	**15,944**	**395**
Contracts initially recognized in the year		**-**	**-**	**-**
Experience adjustment - arising from premiums received in the year that relate to future service	**-**	**642**	**-**	**642**
Total insurance service result	**(16,355)**	**642**	**15,944**	**231**
Finance costs	**(186)**	**-**	**231**	**45**
Cash flows				
Premium received	**17,092**	**-**	**-**	**17,092**
Claims and other expenses paid	**(274)**	**-**	**-**	**(274)**
Total cash flows	**16,818**	**-**	**-**	**16,818**
Net closing balance	**(4,462)**	**1,230**	**32,467**	**29,235**
Total closing balance of insurance contract liability				**433,521**

	31 December 2022 Restated			
General measurement model	Present value of future cash flows	Risk adjustment	CSM	Total
Opening insurance contract liabilities	(206)	-	843	637
Insurance revenue	(554)	-	-	(554)
Insurance service expense				
incurred expenses - current service	192	-	-	192
Contracts initially recognized in the year	(15,882)	-	15,294	(588)
Experience adjustment - arising from premiums received in the year that relate to future service	-	588	-	588
Total insurance service result	(16,244)	588	15,294	(362)
Finance costs	(1)	-	155	154
Cash flows				
Premium received	11,880	-	-	11,880
Claims and other expenses paid	-	-	-	-
Acquisition cash flows paid	(168)	-	-	(168)
Total cash flows	11,712	-	-	11,712
Net closing balance	(4,739)	588	16,292	12,141
Total closing balance of insurance contract liability				239,635

(All amounts are in thousands Saudi Riyal unless otherwise stated)

7 INSURANCE AND REINSURANCE CONTRACTS (continued)

7.2 Analysis by remaining coverage and incurred claims for reinsurance contracts measured in PAA

	31 December 2023 - Medical				
	Assets for remaining coverage		Assets for incurred claims		
Premium allocation approach	Excluding loss component	Loss component	Present value of future cash flows	Risk adjustment	Total
Opening reinsurance contract assets	10	-	4,404	-	4,414
Reinsurance service expense	(2,632)	-	-	-	(2,632)
Claims recovered	-	-	3,918	-	3,918
Changes that relate to past service: Changes related to LIC	-	-	2,381	-	2,381
Recovery / (reversal) on losses on onerous contracts	-	-	-	-	-
Net expense from reinsurance contracts held	(2,632)	-	6,299	-	3,667
Finance income	-	-	-	-	-
Cash flows					
Premiums ceded paid net of commission	2,697	-	-	-	2,697
Recoveries from reinsurance	-	-	(5,927)	-	(5,927)
Total cash flows	2,697	-	(5,927)	-	(3,230)
Net closing balance	75	-	4,776	-	4,851

	31 December 2023 - Motor				
	Assets for remaining coverage		Assets for incurred claims		
Premium allocation approach	Excluding loss component	Loss component	Present value of future cash flows	Risk adjustment	Total
Opening reinsurance contract assets	-	-	28,328	-	28,328
Reinsurance service expense	(6,328)	-	-	-	(6,328)
Claims recovered	-	-	4,749	-	4,749
Changes that relate to past service: Changes related to LIC	-	-	(1,656)	-	(1,656)
Recovery / (reversal) on losses on onerous contracts	-	-	-	-	-
Net expense from reinsurance contracts held	(6,328)	-	3,093	-	(3,235)
Finance income	-	-	-	-	-
Cash flows					
Premiums ceded paid net of commission	6,328	-	-	-	6,328
Recoveries from reinsurance	-	-	(10,061)	-	(10,061)
Total cash flows	6,328	-	(10,061)	-	(3,733)
Net closing balance	-	-	21,360	-	21,360

(All amounts are in thousands Saudi Riyal unless otherwise stated)

7 INSURANCE AND REINSURANCE CONTRACTS (continued)

7.2 Analysis by remaining coverage and incurred claims for reinsurance contracts measured in PAA (continued)

	31 December 2023 - Property				
	Assets for remaining coverage		Assets for incurred claims		
Premium allocation approach	Excluding loss component	Loss component	Present value of future cash flows	Risk adjustment	Total
Opening reinsurance contract assets	(13,245)	2	78,749	2,343	67,849
Reinsurance service expense	(27,895)	-	-	-	(27,895)
Claims recovered	-	-	32,329	(1,230)	31,099
Changes that relate to past service: Changes related to LIC	-	-	(29,365)	830	(28,535)
Recovery / (reversal) on losses on onerous contracts	-	2	-	-	2
Net expense from reinsurance contracts held	(27,895)	2	2,964	(400)	(25,329)
Finance income	-	-	2,852	71	2,923
Cash flows					
Premiums ceded paid net of commission	24,941	-	-	-	24,941
Recoveries from reinsurance	-	-	(19,887)	-	(19,887)
Total cash flows	24,941	-	(19,887)	-	5,054
Net closing balance	(16,199)	4	64,678	2,014	50,497

	31 December 2023 - Engineering				
	Assets for remaining coverage		Assets for incurred claims		
Premium allocation approach	Excluding loss component	Loss component	Present value of future cash flows	Risk adjustment	Total
Opening reinsurance contract assets	(6,324)	1	3,048	1,388	(1,887)
Reinsurance service expense	(11,595)	-	-	-	(11,595)
Claims recovered	-	-	1,301	27	1,328
Changes that relate to past service: Changes related to LIC	-	-	(383)	(1,194)	(1,577)
Recovery / (reversal) on losses on onerous contracts	-	8	-	-	8
Net expense from reinsurance contracts held	(11,595)	8	918	(1,167)	(11,836)
Finance income	-	-	106	38	144
Cash flows					
Premiums ceded paid net of commission	16,026	-	-	-	16,026
Recoveries from reinsurance	-	-	(1,178)	-	(1,178)
Total cash flows	16,026	-	(1,178)	-	14,848
Net closing balance	(1,893)	9	2,894	259	1,269

(All amounts are in thousands Saudi Riyal unless otherwise stated)

7 INSURANCE AND REINSURANCE CONTRACTS (continued)

7.2 Analysis by remaining coverage and incurred claims for reinsurance contracts measured in PAA (continued)

	31 December 2023 - Marine				
	Assets for remaining coverage		Assets for incurred claims		
Premium allocation approach	Excluding loss component	Loss component	Present value of future cash flows	Risk adjustment	Total
Opening reinsurance contract assets	(4,020)	-	23,798	2,677	22,455
Reinsurance service expense	(6,414)	-	-	-	(6,414)
Claims recovered	-	-	(5,757)	(416)	(6,173)
Changes that relate to past service: Changes related to LIC	-	-	(16,022)	(2,107)	(18,129)
Recovery / (reversal) on losses on onerous contracts	-	-	-	-	-
Net expense from reinsurance contracts held	(6,414)	-	(21,779)	(2,523)	(30,716)
Finance income	-	-	404	37	441
Cash flows					
Premiums ceded paid net of commission	5,696	-	-	-	5,696
Recoveries from reinsurance	-	-	(150)	-	(150)
Total cash flows	5,696	-	(150)	-	5,546
Net closing balance	(4,738)	-	2,273	191	(2,274)

	31 December 2023 - Others				
	Assets for remaining coverage		Assets for incurred claims		
Premium allocation approach	Excluding loss component	Loss component	Present value of future cash flows	Risk adjustment	Total
Opening reinsurance contract assets	(1,557)	-	4,378	264	3,085
Reinsurance service expense	(7,289)	-	-	-	(7,289)
Claims recovered	-	-	1,887	89	1,976
Changes that relate to past service: changes related to LIC	-	-	(4)	(164)	(168)
Recovery / (reversal) on losses on onerous contracts	-	-	-	-	-
Net expense from reinsurance contracts held	(7,289)	-	1,883	(75)	(5,481)
Finance income	-	-	120	18	138
Cash flows					
Premiums ceded paid net of commission	26,780	-	-	-	26,780
Recoveries from reinsurance	-	-	(13,756)	-	(13,756)
Total cash flows	26,780	-	(13,756)	-	13,024
Net closing balance	17,934	-	(7,375)	207	10,766

(All amounts are in thousands Saudi Riyal unless otherwise stated)

7 INSURANCE AND REINSURANCE CONTRACTS (continued)

7.2 Analysis by remaining coverage and incurred claims for reinsurance contracts measured in PAA (continued)

	31 December 2022 Restated - Medical				
	Assets for remaining coverage		Assets for incurred claims		Total
Premium allocation approach	Excluding loss component	Loss component	Present value of future cash flows	Risk adjustment	
Opening reinsurance contract assets	7	-	2,685	-	2,692
Reinsurance service expense	(3,986)	-	-	-	(3,986)
Claims recovered	-	-	2,595	-	2,595
Changes that relate to past service: Changes related to LIC	-	-	-	-	-
Effect of changes in the risk of reinsurers non-performance	-	-	-	-	-
Changes that relate to future service (i.e., losses on onerous groups of contracts	-	-	-	-	-
Net expense from reinsurance contracts held	(3,986)	-	2,595	-	(1,391)
Finance income	-	-	-	-	-
Cash flows					
Premiums paid net of ceding commission	-	-	-	-	-
Recoveries from reinsurance	-	-	(876)	-	(876)
Other directly attributable expenses paid	3,989	-		-	3,989
Total cash flows	3,989	-	(876)	-	3,113
Net closing balance	10	-	4,404	-	4,414

	31 December 2022 Restated -Motor				
	Assets for remaining coverage		Assets for incurred claims		Total
Premium allocation approach	Excluding loss component	Loss component	Present value of future cash flows	Risk adjustment	
Opening reinsurance contract assets	-	-	18,598	-	18,598
Reinsurance service expense	(9,635)	-	-	-	(9,635)
Claims recovered	-	-	10,252	-	10,252
Changes that relate to past service: Changes related to LIC	-	-	-	-	-
Effect of changes in the risk of reinsurers non-performance	-	-	-	-	-
Changes that relate to future service (i.e., losses on onerous groups of contracts	-	-	-	-	-
Net expense from reinsurance contracts held	(9,635)	-	10,252	-	617
Finance income	-	-	-	-	-
Cash flows					
Premiums paid net of ceding commission	9,635	-	-	-	9,635
Recoveries from reinsurance	-	-	(522)	-	(522)
Other directly attributable expenses paid	-	-		-	-
Total cash flows	9,635	-	(522)	-	9,113
Net closing balance	-	-	28,328	-	28,328

(All amounts are in thousands Saudi Riyal unless otherwise stated)

7 INSURANCE AND REINSURANCE CONTRACTS (continued)

7.2 Analysis by remaining coverage and incurred claims for reinsurance contracts measured in PAA (continued)

	31 December 2022 Restated - Property				
	Assets for remaining coverage		Assets for incurred claims		Total
Premium allocation approach	Excluding loss component	Loss component	Present value of future cash flows	Risk adjustment	
Opening reinsurance contract assets	(6,152)	-	49,884	1,557	45,289
Reinsurance service expense	(33,658)	-	-	-	(33,658)
Claims recovered	-	-	36,995	737	37,732
Changes that relate to past service: Changes related to LIC	-	-	-	-	-
Effect of changes in the risk of reinsurers non-performance	-	-	-	-	-
Changes that relate to future service (i.e., losses on onerous groups of contracts	-	2	-	-	2
Net expense from reinsurance contracts held	(33,658)	2	36,995	737	4,076
Finance income	-	-	1,557	49	1,606
Cash flows					
Premiums paid net of ceding commission	26,565	-	-	-	26,565
Recoveries from reinsurance	-	-	(9,687)	-	(9,687)
Other directly attributable expenses paid	-	-		-	-
Total cash flows	26,565	-	(9,687)	-	16,878
Net closing balance	(13,245)	2	78,749	2,343	67,849

	31 December 2022 Restated - Engineering				
	Assets for remaining coverage		Assets for incurred claims		Total
Premium allocation approach	Excluding loss component	Loss component	Present value of future cash flows	Risk adjustment	
Opening reinsurance contract assets	(4,758)	-	6,081	2,365	3,688
Reinsurance service expense	(8,774)	-	-	-	(8,774)
Claims recovered	-	-	(1,704)	-	(1,704)
Changes that relate to past service: Changes related to LIC	-	-	-	(1,041)	(1,041)
Effect of changes in the risk of reinsurers non-performance	-	-	-	-	-
Changes that relate to future service (i.e., losses on onerous groups of contracts	-	1	-	-	1
Net expense from reinsurance contracts held	(8,774)	1	(1,704)	(1,041)	(11,518)
Finance income	-	-	142	64	206
Cash flows					
Premiums paid net of ceding commission	7,208	-	-	-	7,208
Recoveries from reinsurance	-	-	(1,471)	-	(1,471)
Other directly attributable expenses paid	-	-		-	-
Total cash flows	7,208	-	(1,471)	-	5,737
Net closing balance	(6,324)	1	3,048	1,388	(1,887)

(All amounts are in thousands Saudi Riyal unless otherwise stated)

7 INSURANCE AND REINSURANCE CONTRACTS (continued)

7.2 Analysis by remaining coverage and incurred claims for reinsurance contracts measured in PAA (continued)

	31 December 2022 Restated - Marine				
	Assets for remaining coverage		Assets for incurred claims		Total
Premium allocation approach	Excluding loss component	Loss component	Present value of future cash flows	Risk adjustment	
Opening reinsurance contract assets	(1,337)	-	32,103	3,904	34,670
Reinsurance service expense	(5,735)	-	-	-	(5,735)
Claims recovered	-	-	(33,857)	1,800	(32,057)
Changes that relate to past service: Changes related to LIC	-	-	22,944	(3,096)	19,848
Effect of changes in the risk of reinsurers non-performance	-	-	-	-	-
Changes that relate to future service (i.e., losses on onerous groups of contracts	-	-	-	-	-
Net expense from reinsurance contracts held	(5,735)	-	(10,913)	(1,296)	(17,944)
Finance income	-	-	440	69	509
Cash flows					
Premiums paid net of ceding commission	3,052	-	-	-	3,052
Recoveries from reinsurance	-	-	2,168	-	2,168
Other directly attributable expenses paid	-	-		-	-
Total cash flows	3,052	-	2,168	-	5,220
Net closing balance	(4,020)	-	23,798	2,677	22,455

	31 December 2022 Restated - Others				
	Assets for remaining coverage		Assets for incurred claims		Total
Premium allocation approach	Excluding loss component	Loss component	Present value of future cash flows	Risk adjustment	
Opening reinsurance contract assets	(2,487)	-	3,291	267	1,071
Reinsurance service expense	(4,887)	-	-	-	(4,887)
Claims recovered	-	-	3,589	298	3,887
Changes that relate to past service: Changes related to LIC	-	-	(2,938)	(309)	(3,247)
Effect of changes in the risk of reinsurers non-performance	-	-	-	-	-
Changes that relate to future service (i.e., losses on onerous groups of contracts	-	-	-	-	-
Net expense from reinsurance contracts held	(4,887)	-	651	(11)	(4,247)
Finance income	-	-	126	8	134
Cash flows					
Premiums paid net of ceding commission	5,817	-	-	-	5,817
Recoveries from reinsurance	-	-	310	-	310
Other directly attributable expenses paid	-	-		-	-
Total cash flows	5,817	-	310	-	6,127
Net closing balance	(1,557)	-	4,378	264	3,085

(All amounts are in thousands Saudi Riyal unless otherwise stated)

7 INSURANCE AND REINSURANCE CONTRACTS (continued)

7.2 Analysis by remaining coverage and incurred claims for reinsurance contracts measured in GMM

	31 December 2023			
General measurement model	**Present value of future cash flows**	**Risk adjustment**	**CSM**	**Total**
Opening reinsurance contract assets	**(10,699)**	**(546)**	**13,755**	**2,510**
Other changes on current services	**527**			**527**
Contracts initially recognized in the year - future service	**(11,078)**	**(573)**	**2,011**	**(9,640)**
Net revenues from reinsurance contracts held	**(10,551)**	**(573)**	**2,011**	**(9,113)**
Finance (cost) / income	**341**	**-**	**(183)**	**158**
Cash flows				
Net ceded premium	**25,293**	**-**	**-**	**25,293**
Total cash flows	**25,293**	**-**	**-**	**25,293**
Net closing balance	**4,384**	**(1,119)**	**15,583**	**18,848**
Total closing balance of reinsurance contract assets				**105,317**

	31 December 2022 Restated			
General measurement model	Present value of future cash flows	Risk adjustment	CSM	Total
Opening reinsurance contract assets	(347)	-	627	280
Other changes on current services	156	-	-	156
Contracts initially recognized in the year - future service	(12,455)	(546)	13,001	-
Net expense from reinsurance contracts held	(12,299)	(546)	13,001	156
Finance income	(104)	-	127	23
Cash flows				
Ceded premium	2,644	-	-	2,644
Commission and management fees	(593)	-	-	(593)
Total cash flows	2,051	-	-	2,051
Net closing balance	(10,699)	(546)	13,755	2,510
Total closing balance of reinsurance contract assets				96,800

7.3 The breakdown of groups of insurance and reinsurance contracts issued, and reinsurance contracts held, that are in an asset position and those in a liability position is set out in the table below:

	31 December 2023		31 December 2022 Restated		1 January 2022 Restated	
Insurance contracts issued	**Assets**	**Liabilities**	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Medical	-	**241,682**	-	227,494	-	146,445
Motor	-	**25,559**	-	198,215	-	316,614
Property	-	**74,264**	-	95,728	-	56,294
Engineering	-	**46,236**	-	6,495	-	11,201
Marine	-	**804**	-	26,162	-	38,660
Others	-	**44,977**	-	16,200	-	9,872
Total insurance contracts issued	-	433,522	-	570,294	-	579,086
Reinsurance contracts held	**Assets**	**Liabilities**	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Medical	**4,851**	**-**	4,414	-	2,692	-
Motor	**21,360**	**-**	28,328	-	18,598	-
Property	**50,497**	**-**	67,849	-	45,289	-
Engineering	**1,269**	**-**	(1,887)	-	3,688	-
Marine	-	**(2,274)**	22,455	-	34,670	-
Others	**29,614**	**-**	5,595	-	1,351	-
Total reinsurance contracts held	**107,591**	**(2,274)**	126,754	-	106,288	-

(All amounts are in thousands Saudi Riyal unless otherwise stated)

8 INVESTMENTS

	31 December 2023	31 December 2022 Restated	1 January 2022 Restated
Insurance operations			
Financial assets mandatorily measured at FVTPL	**18,863**	69,830	72,816
Financial assets measured at FVTOCI	**140**	149	247
Financial assets at amortised cost – net	**4,868**	4,867	-
	23,871	74,846	73,063
Shareholders' operations			
Financial assets mandatorily measured at FVTPL	**107,567**	93,576	105,009
Financial assets measured at FVTOCI	**47,510**	42,971	40,122
Financial assets at amortised cost – net	**187**	334	2,230
	155,264	136,881	147,361
Total investments	**179,135**	211,727	220,424

a) Investments measured at FVTPL comprise of the following:

	31 December 2023	31 December 2022 Restated	1 January 2022 Restated
Insurance operations			
Funds	**18,863**	69,830	72,816
Shareholders' operations			
Equity	**75,941**	43,823	52,577
Funds	**30,553**	47,928	49,089
Funds with portfolio manager	**1,073**	1,825	943
Total financial assets at FVTPL	**126,430**	163,406	175,425

b) Investments measured at FVTOCI comprise of the following:

	31 December 2023	31 December 2022 Restated	1 January 2022 Restated
Insurance operations			
Equity	**140**	149	247
Shareholders' operations			
Equity	**47,510**	42,971	40,122
Total financial assets at FVTOCI	**47,650**	43,120	40,369

(All amounts are in thousands Saudi Riyal unless otherwise stated)

8 INVESTMENTS (continued)

c) Investments measured at amortised cost comprise of the following:

	31 December 2023	31 December 2022 Restated	1 January 2022 Restated
Insurance operations			
Sukuks	**4,888**	4,885	10,000
Impairment allowance	**(20)**	(18)	(16)
	4,868	4,867	9,984
Shareholders' operations			
Sukuks	**200**	350	2,230
Impairment allowance	**(13)**	(16)	(14)
	187	334	2,216
Total investments	**5,055**	5,201	12,200

d) Movement in impairment allowance for investments at amortised cost for the year is as follows:

	31 December 2023		
	Stage 1 12-month ECL	**Stage 2 ECL not credit impaired**	**Stage 3 Lifetime ECL credit impaired**
Opening balance	**34**	-	-
Impairment / (reversal) during the year	**(1)**	-	-
Closing balance	**33**	-	-

	December 31 2022 Restated		
	Stage 1 12-month ECL	Stage 2 ECL not credit impaired	Stage 3 Lifetime ECL credit impaired
Opening balance	30	-	-
Impairment / (reversal) during the year	4	-	-
Closing balance	34	-	-

(All amounts are in thousands Saudi Riyal unless otherwise stated)

8 INVESTMENTS (continued)

The movement in the financial assets are as follows:

a) Measured at FVTPL:	31 December 2023	31 December 2022 Restated
Insurance operations		
Balance at beginning of the year	**69,830**	72,816
Addition during the year	**-**	1,992
Disposals during the year	**(51,404)**	(4,978)
Changed in the fair value of financial assets	**437**	-
Balance at end of the year	**18,863**	69,830
Shareholders' operations		
Balance at beginning of the year	**93,576**	105,009
Addition during the year	**16,521**	7,886
Disposals during the year	**-**	(13,254)
Changed in the fair value of financial assets	**(2,530)**	(6,065)
Balance at end of the year	**107,567**	93,576

b) Measured at FVOCI:	31 December 2023	31 December 2022 Restated
Insurance operations		
Balance at beginning of the year	**149**	247
Addition during the year	**-**	-
Disposals during the year	**-**	-
Changed in the fair value of financial assets	**(9)**	(98)
Balance at end of the year	**140**	149
Shareholders' operations		
Balance at beginning of the year	**42,971**	40,122
Addition during the year	**-**	-
Disposals during the year	**-**	-
Changed in the fair value of financial assets	**4,539**	2,849
Balance at end of the year	**47,510**	42,971

c) Measured at amortised cost:	31 December 2023	31 December 2022 Restated
Insurance operations		
Balance at beginning of the year	**4,867**	-
Additions/Change in fair value of financial assests	**-**	4,885
Disposals during the year	**-**	-
Impairment allowance	**1**	(18)
Balance at end of the year	**4,868**	4,867
Shareholders' operations		
Balance at beginning of the year	**334**	2,230
Additions/Change in fair value of financial assests	**-**	-
Disposals during the year	**(136)**	(1,880)
Impairment allowance	**(11)**	(16)
Balance at end of the year	**187**	334

(All amounts are in thousands Saudi Riyal unless otherwise stated)

8 INVESTMENTS (continued)

Investment income

Details on investment income for the year are as follows:

	31 December 2023		
	Insurance operations	**Shareholders' operations**	**Total**
Income on financial assets at FVTPL			
Un-realized gain on investments at fair value	**3,944**	**12,828**	**16,772**
Realized gain on investments at fair value	**450**	**745**	**1,195**
Dividend income on investments at fair value	**-**	**1,697**	**1,697**
	4,394	**15,270**	**19,664**
Income on financial assets at amortised cost			
Commission income on investments at amortised cost	**14,254**	**6,462**	**20,716**
	18,648	**21,732**	**40,380**

	31 December 2022 Restated		
	Insurance operations	**Shareholders' operations**	**Total**
Income on financial assets at FVTPL			
Un-realized gain on investments at fair value	450	-	450
Realized gain on investments at fair value	4,342	2,592	6,934
Dividend income on investments at fair value	-	1,066	1,066
	4,792	3,658	8,450
Income on financial assets at amortised cost			
Commission income on investments at amortised cost	14,262	7,714	21,976
	19,054	11,372	30,426

8.1 OTHER INCOME

	31 December 2023		
	Insurance operations	**Shareholders' operations**	**Total**
Management fees IDI	**19,951**	**-**	**19,951**
	19,951	-	19,951

	31 December 2022 Restated		
	Insurance operations	Shareholders' operations	Total
Management fees IDI	499	-	499
Other miscellaneous income	4,191	1,784	5,975
	4,690	1,784	6,474

(All amounts are in thousands Saudi Riyal unless otherwise stated)

9 PROVISION FOR ZAKAT

a) Zakat payable

The movement in zakat payable during the year was as follows:

	31 December 2023	31 December 2022
Balance at beginning of the year	**23,631**	17,252
Charge for the year	**9,000**	10,288
Reversal of zakat provision	**-**	-
Payments during the year	**(2,044)**	(3,909)
Balance at end of the year	**30,587**	23,631

b) Status of assessments

The Company had filed the zakat returns up to 2022 and received a temporary Zakat certificate. Assessments have been received from ZATCA to date in respect of these years.

c) Status of appeals

The years from 2007 to 2010: The Zakat, Tax & Customs Authority ("ZATCA") raised its assessments for those years claiming additional zakat liability of SR 8.7 million and withholding tax liability of SR 12.2 million in addition to the related delay penalties of 1% for each 30 delay days calculated from the due date till settling such due amounts. The Company has filed an appeal against such additional liabilities to ZATCA then the case has been transferred to the Preliminary Appeal Committee ("PAC") which has rejected the major items therefore the Company has submitted a letter of guarantee to ZATCA for zakat, withholding tax and related delay penalties amounting to SR 31.81 million and appealed the PAC ruling to the Higher Appeal Committee ("HAC") which has been replaced by the new tax committees under General Secretary of Tax Committees ("GSTC"). Then the Company has submitted a request to the settlement committee at ZATCA and reached to a settlement agreement for those years to settle an amount of SR 3.3 million for zakat and SR 12.2 million for withholding tax. The Company has settled such agreed amounts.

The years from 2011 to 2015: The ZATCA raised its assessments for those years claiming additional zakat liability of SR 8 million and withholding tax liability of SR 10.2 million in addition to the related delay penalties of 1% for each 30 delay days calculated from the due date till settling such due amounts. The Company has filed an appeal against such additional liabilities to ZATCA then the case has been transferred to the Preliminary Appeal Committee ("PAC") which has been replaced by the new tax committees under General Secretary of Tax Committees ("GSTC"). Then the Company has submitted a request to the settlement committee at ZATCA and reached to a settlement agreement for those years to settle an amount of SR 4.1 million for zakat and SR 10.2 million for withholding tax. The Company has settled such agreed amounts.

The years from 2016 to 2018: On 27 December, 2020, the ZATCA raised its assessments for those years claiming additional zakat liability of SR 3.3 million, then the Company has appealed against such assessment within the legally prescribed period. As result, ZATCA has partially accepted the Company's appeal and issued a revised assessment for the Company's favor which resulted an overpaid amount of SR 1.5 million for the Company. However, the Company has decided to escalate the case to the GSTC. During August 2022, the Committee for Resolution of Tax Violations and Disputes ("CRTVD") (which is the first level of the GSTC committees) has issued its decision which resulted an overpaid amount of SR 2.8 million for the Company. However, the Company has decided to escalate the case to the Appellate Committee for Tax Violations and Disputes Resolution ("ACTVDR") (Which is the second and final level of GSTC committees), and the hearing session is awaiting.

The years 2019 & 2020: On 30 September, 2021, ZATCA raised its assessments for those years claiming additional zakat liability of SR 5.2 million, then the company has appealed against such assessment within the legally prescribed period. As result, ZATCA has partially accepted the Company's appeal and issued a revised assessment through which the additional zakat liability has been reduced to SR 5 million knowing that the Company has already settled along with the appeal an amount of SR 1.3 million which represents 25% of the disputed additional zakat liability as per the original assessment to fulfil the formality conditions of appeal submission stated in the zakat regulations, then the Company has escalated its appeal case to the GSTC. During September 2022, CRTVD has issued its decision and reduced the zakat liability to 3.7 million. However, the Company has escalated the case to ACTVDR, and the hearing session is awaiting.

d) Status of VAT assessment

On 29 November 2022, the Zakat, Tax and Customs Authority ("ZATCA") raised an assessment based on the tax audit conducted with respect to Value Added Tax ("VAT") for the tax periods from January 2018 to December 2020 (36 tax periods) ("assessed tax periods"). In the said assessment, the ZATCA is of the view that Malath Cooperative Insurance Company ("the Company") had underdeclared its VAT liability for the assessed tax periods for a number of items.

(All amounts are in thousands Saudi Riyal unless otherwise stated)

9 PROVISION FOR ZAKAT (continued)

d) Status of VAT assessment (continnued)

The items include: reinsurers' share of claims paid, recoveries received on accidents from other insurance companies, differences between Financial Statement and VAT returns, exclusion of bad debt adjustment, exclusion of investment income from the Company's Exempt supplies, exclusion of purchases that do not qualify for Article 53 of the VAT Implementing Regulations, exclusion of zero-rated sales for January 2020 tax period, exclusion of sales adjustment for January 2020 tax period, exclusion of purchases where the amount on the invoice does not match the amount in the statement provided by the Company, and the recalculation of the partial exemption ratio.

The total assessed VAT liability for the assessed tax periods is SR 7.7 million The ZATCA had also applied late payment and incorrect filing penalties on the Company however given that the Company paid the assessed VAT liability during the ZATCA's penalty exemption initiative and therefore the Company is eligible for penalty exemption/waiver and it is following up with the ZATCA to confirm the exemption/waiver in writing.

Considering the assessed items, the Company understands that it has good grounds supported by the VAT legislation in the Kingdom of Saudi Arabia ("KSA") and the guidance issued by the ZATCA and therefore the Company submitted objection letters for all the assessed tax periods through the ZATCA portal on 27 January 2023, objecting on the assessment released by the ZATCA.

Subsequent events

On 24 January 2024, ZATCA raised a VAT assessment based on their on-going audit conducted for the periods from January 2021 to December 2022 (24 tax periods).

The total assessed VAT liability for the relevant tax periods is SR 12.2 million.

The ZATCA has also applied late payment and incorrect filing penalties, however, if the Company settles the payment before the end of ZATCA's current amnesty programme, i.e., before end of June 2024, it should be eligible for a penalty waiver. The Company has already paid the amount to ZATCA and went for the appeal.

10 SHARE CAPITAL

As at 31 December 2023 and 31 December 2022, the issued and paid up share capital of the Company amounting to SR 500 million, divided into 50 million ordinary shares of SR 10 each.

11 BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share for the period have been calculated by dividing the total net income for the period by the weighted average number of shares in issue throughout the year.
The basic and diluted earning per share are as follows:

	For the year ended 31 December	
	2023	2022 Restated
Basic and diluted earnings / (loss) per share (SR)	**0.76**	(0.83)
Weighted average number of shares throughout the year (thousands)	**50,000**	50,000

(All amounts are in thousands Saudi Riyal unless otherwise stated)

12 PREPAYMENTS AND OTHER ASSETS

	Note	31 December 2023	2022 Restated
Insurance operations			
VAT receivables, net		**28,254**	25,921
Deferred expenses		**7,387**	5,798
Guarantee deposits		**1,782**	1,782
Advance to employees		**1,692**	1,669
Prepaid rent		**855**	1,574
Other's	12.1	**29,839**	2,209
		69,809	38,953

12.1 Others includes an amount of SR 17 million (31 December 2022: SR 0.5 million) that pertains to the company's share of Inherent Defect Insurance (IDI) portfolio's assets.

	Note	31 December 2023	2022 Restated
Shareholders' operations			
Other receivables		**2,906**	2,101
Other assets	12.2	**40,527**	54,157
		43,434	56,258
Total prepayments and other assets		**113,243**	95,211

12.2 The other asstes represents land available for sale amount SR 40.5 million which was aquired by the company from the financial institution as part of settlement agreement.

13 ACCRUED EXPENSES AND OTHER LIABILITIES

	Note	31 December 2023	2022 Restated
Insurance operations			
Due to IDI pool, net		**7,847**	13,841
Accrued employees’ costs and other benefits		**17,293**	11,068
Accounts payable		**585**	3,307
Accrued professional fees		**1,701**	2,308
Other payable	13.1	**9,457**	9,421
		36,883	39,945

13.1 Others payable includes an amount of SR 1.7 million (31 December 2022: SR 20.7 million) that pertains to the company's share of Inherent Defect Insurance (IDI) portfolio's liabilities.

	Note	31 December 2023	2022 Restated
Shareholders' operations			
Accounts payable		**1,760**	2,100
Others		**536**	476
		2,296	2,576
Total accrued expenses and other liabilities		**39,179**	42,521

(All amounts are in thousands Saudi Riyal unless otherwise stated)

14 EMPLOYEES' END-OF-SERVICE BENEFITS

The Company operates a defined benefit plan for its employees based on the prevailing Saudi Labor Law. Accruals are made in accordance with the actuarial valuation under the projected unit credit method while the benefit payments obligation is discharged as and when it falls due. The amounts recognized in the statement of financial position and movement in the obligation during the year based on its present value are as follows:

	31 December	
	2023	2022 Restated
Present value of defined benefit obligation	**23,733**	17,149

	31 December	
	2023	2022 Restated
At the beginning of the year	**17,149**	20,154
Current service cost	**2,204**	2,135
Interest cost	**906**	940
Net benefit expenses	**3,110**	3,075
Benefits paid during the year	**(2,687)**	(4,277)
Actuarial loss/(gain) from experience adjustments	**6,161**	(1,803)
At the end of the year	**23,733**	17,149

Principal actuarial assumptions

Valuation discount rate	**4.76%**	4.75%
Salary escalation	**8%**	5%

The impact of changes in sensitivities on present value of defined benefit obligation is as follows:

	31 December	
	2023	2022 Restated
Discount rate		
- Increase by 50 basis points	**497**	331
- Decrease by 50 basis points	**(544)**	(360)
Expected rate of increase in salary level across different age bands		
- Increase by 1%	**1,029**	705
- Decrease by 1%	**(961)**	(661)

(All amounts are in thousands Saudi Riyal unless otherwise stated)

15 PROPERTY AND EQUIPMENT

	2023					
	Leasehold improvements	***Computer & peripherals***	***Furniture and fixtures***	***Office equipment***	***Motor vehicles***	***Total***
Cost						
1 January	**16,947**	**19,958**	**3,950**	**4,591**	**84**	**45,530**
Additions	**80**	**492**	**270**	**2**	**-**	**844**
31 December	**17,027**	**20,450**	**4,220**	**4,593**	**84**	**46,374**
Accumulated depreciation						
1 January	**16,267**	**17,513**	**3,780**	**3,772**	**84**	**41,416**
Charge for the year	**163**	**398**	**29**	**326**	**-**	**916**
31 December	**16,430**	**17,911**	**3,809**	**4,098**	**84**	**42,332**
Net book value:						
31 December	**597**	**2,539**	**411**	**495**	**-**	**4,042**

	2022					
	Leasehold improvements	*Computer & peripherals*	*Furniture and fixtures*	*Office equipment*	*Motor vehicles*	*Total*
Cost						
1 January	16,737	19,107	3,944	4,439	84	44,311
Additions	210	851	6	152	-	1,219
31 December	16,947	19,958	3,950	4,591	84	45,530
Accumulated depreciation						
1 January	16,052	16,180	3,727	3,423	84	39,466
Charge for the year	215	1,333	53	349	-	1,950
31 December	16,267	17,513	3,780	3,772	84	41,416
Net book value:						
31 December	680	2,445	170	819	-	4,114

(All amounts are in thousands Saudi Riyal unless otherwise stated)

16 RIGHT OF USE ASSETS

The Company leases various buildings for offices. Rental contracts are typically made for one year with extension options. There is no non-lease components in the contracts. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option or not exercise a termination option. For leases of office buildings, management concluded that it was reasonably certain to extend the lease beyond 1 year, taking into account the leasehold improvements in the premises, historical lease durations and the costs and business disruption required to change premises.

The movement of right-of-use assets, which mainly include buildings are as follows:

	31 December 2023	**31 December** 2022 Restated	**1 January** 2022 Restated
At 1 January	**2,055**	3,352	-
Additions during the year	**1,401**	283	4,768
Amortisation during the year	**(1,461)**	(1,580)	(1,416)
At 31 December	**1,995**	2,055	3,352

17 LEASE LIABILITY

As of 31 December 2023, lease liability amounted SR 1.550 million (2022: SR 1.732 million). Below is the movement during the year:

	31 December 2023	**31 December** 2022 Restated	**1 January** 2022 Restated
Balance at the beginning of the year	**1,732**	2,478	-
Finance cost	**98**	164	203
Additions during the year	**1,417**	493	4,768
Lease payments (total cash outflows)	**(1,697)**	(1,403)	(2,493)
At 31 December	**1,550**	1,732	2,478

18 STATUTORY RESERVE

In accordance with the Company's By-Laws and in compliance with Article 70(2)(g) of the Insurance Implementing Regulations issued by SAMA, the Company is required to allocate 20% of its net income for the year to the statutory reserve until it equals the value of share capital and such transfer is only made at year end. The statutory reserve is not available for distribution to shareholders until liquidation of the Company.

19 CAPITAL MANAGEMENT

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

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

The Company manages its capital to ensure that it is able to continue as going concern and comply with the regulators' capital requirements of the markets in which the Company operates. The capital structure of the Company consists of equity attributable to equity holders comprising paid share capital and reserves.

As per guidelines laid out by SAMA in Article 66 of the Implementing Insurance Regulations detailing the solvency margin requirements, the Company shall maintain solvency margin equivalent to the highest of the following three methods as per SAMA Implementing Regulations:

- Minimum Capital Requirement of SR 100 million
- Premium Solvency Margin
- Claims Solvency Margin

In the opinion of the Board of Directors, the Company has fully complied with the externally imposed capital requirements during the reported financial period.

20 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

Level 1: Quoted market prices in an active market (that are unadjusted) for identical assets or liabilities.

Level 2: Valuation techniques (for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable), and

Level 3: Valuation techniques (for which the lowest level input that is significant to the fair value measurement is unobservable).

(All amounts are in thousands Saudi Riyal unless otherwise stated)

20 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

The following table summarizes the financial assets recorded at fair value as of 31 December 2023 and 31 December 2022 by level of the fair value hierarchy. There are no transfers among the levels during the period. Some equity financial investment are reported at cost, where their fair value are not materially different from the currying value.

As at December 31 2023

	Carrying value	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets measured at fair value:					
Financial assets mandatorily measured at FVTPL	**124,755**	**901**	**66,581**	**57,273**	**124,755**
Financial assets measured at FVTOCI	**47,650**	**4,165**	**-**	**47,265**	**51,431**
	172,405	**5,066**	**66,581**	**104,538**	**176,186**

As at 31 December 2022 Restated

	Carrying value	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value:					
Financial assets mandatorily measured at FVTPL	163,406	-	53,132	110,274	163,406
Financial assets measured at FVTOCI	43,120	3,417	-	39,703	43,120
	206,526	3,417	53,132	149,977	206,526

21 COMMITMENTS AND CONTINGENCIES

a. Legal proceedings and regulations

The Company operates in the insurance industry and is subject to legal proceedings in the normal course of business. While it is not practicable to forecast or determine the final results of all pending or threatened legal proceedings, management does not believe that such proceedings (including litigations) will have a material effect on its results and financial position for the current reporting period.

b. Contingent liabilities

The Company’s contingent liabilities are as follows:

	31 December	
	2023	2022 Restated
Letters of guarantee	**11,730**	13,493

22 RELATED PARTY TRANSACTIONS

Members of the Board of Directors do not receive any remuneration for their role in managing the Company unless approved by the General Assembly. Members of the Board of Directors receive an attendance allowance for Board and Board Committee meetings. Executive Directors receive fixed remuneration as a result of their direct duties and responsibilities. The top five Senior Executives, including the Chief Executive Officer and the Chief Financial Officer, receive remuneration according to the employment contracts signed with them.

Related parties represent transactions with directors and key management personnel of the Company.

The following are the details of the major related party transactions during the year and the related balances:

	31 December	
	2023	2022 Restated
Board of directors’ and committees meeting fees	**335**	590
Key management personnel compensations	**5,070**	8,575

(All amounts are in thousands Saudi Riyal unless otherwise stated)

23 SEGMENT INFORMATION

Consistent with the Company's internal reporting process, operating segments have been approved by management in respect of the Company's activities, assets and liabilities as stated below. Segment results do not include income from investments, other income or expense and general and administrative expenses.

Segment results do not include commission on short-term Murabaha deposits. Segment assets do not include insurance operations' cash and cash equivalents, investments, prepayments , other assets and property and equipment. Accordingly, they are included in unallocated assets. Segment liabilities do not include accrued expenses and other liabilites, as well as end of service liabilites. Accordingly, they are included in unallocated liabilities.

These unallocated assets and liabilities are not reported to Chief Executive Officer under related segments and are monitored on a centralized basis.

Gross written premium

	For the year ended 31 December 2023					
Operating segment	**Individuals**	**Very small enterprises**	**Small enterprises**	**Medium enterprises**	**Corporates**	**Total**
Gross premiums written:						
Medical	**13,660**	**7,089**	**45,041**	**52,488**	**379,213**	**497,491**
Motor	**226,437**	**1,271**	**27,045**	**2,896**	**16,598**	**274,247**
Property	**14**	**20**	**539**	**23,016**	**15,913**	**39,502**
Engineering	**-**	**-**	**412**	**13,387**	**6,091**	**19,890**
Marine	**-**	**-**	**796**	**7,837**	**4,538**	**13,171**
Others	**5,119**	**-**	**471**	**9,088**	**11,610**	**26,288**
Total	**245,230**	**8,380**	**74,304**	**108,712**	**433,963**	**870,589**

	For the year ended 31 December 2022 Restated					
Operating segment	Individuals	Very small enterprises	Small enterprises	Medium enterprises	Corporates	Total
Gross premiums written:						
Medical	12,239	6,071	67,760	102,390	316,992	505,452
Motor	227,608	1,358	47,859	17,045	60,795	354,665
Property	8	3	555	7,062	38,335	45,963
Engineering	-	-	664	4,262	10,500	15,426
Marine	-	-	118	1,081	9,282	10,481
Others	732	-	2,081	3,503	6,073	12,389
Total	240,587	7,432	119,037	135,343	441,977	944,376

Reinsurance premium ceded

	For the year ended 31 December					
	2023			2022 Restated		
Operating segment	**Local**	**International**	**Total**	Local	International	Total
Reinsurance Premium Ceded :						
Medical	**1,314**	**1,314**	**2,628**	1,988	1,996	3,984
Motor	**708**	**5,620**	**6,328**	675	8,960	9,635
Property	**3,922**	**32,660**	**36,582**	3,759	38,568	42,327
Engineering	**2,605**	**16,280**	**18,885**	1,844	12,591	14,435
Marine	**1,389**	**8,564**	**9,953**	994	6,138	7,132
Others	**8,283**	**11,134**	**19,417**	156	9,028	9,184
Total	**18,221**	**75,572**	**93,793**	9,416	77,281	86,697

(All amounts are in thousands Saudi Riyal unless otherwise stated)

23 SEGMENT INFORMATION (continued)

	31 December 2023								
Operating segment	**Medical**	**Motor**	**Property**	**Engineering**	**Marine**	**Others**	**Insurance Operations**	**Shareholders' Operations**	**Total**
Assets									
Reinsurance contract assets	**4,851**	**21,360**	**50,497**	**1,269**	**(2,274)**	**29,614**	**105,317**	**-**	**105,317**
Unallocated assets	**-**		**-**		**-**		**386,220**	**441,339**	**827,559**
Total assets	**4,851**	**21,360**	**50,497**	**1,269**	**(2,274)**	**29,614**	**491,537**	**441,339**	**932,876**
Liabilities									
Insurance contract liabilities	**241,682**	**25,559**	**74,264**	**46,236**	**804**	**44,977**	**433,522**	**-**	**433,522**
Unallocated liabilities and insurance operations` surplus	**-**	**-**	**-**	**-**	**-**	**-**	**60,289**	**410,752**	**471,041**
Total liabilities and insurance operations` surplus	**241,682**	**25,559**	**74,264**	**46,236**	**804**	**44,977**	**493,811**	**410,752**	**904,563**

	31 December 2022 Restated								
Operating segment	Medical	Motor	Property	Engineering	Marine	Others	Insurance Operations	Shareholders' Operations	Total
Assets									
Reinsurance contract assets	3,657	18,366	78,980	(1,888)	22,465	5,175	126,755	-	126,755
Unallocated assets	-		-		-		490,328	399,991	890,319
Total assets	3,657	18,366	78,980	(1,888)	22,465	5,175	617,083	399,991	1,017,074
Liabilities									
Insurance contract liabilities	250,510	180,590	90,661	6,495	26,162	15,876	570,294	-	570,294
Unallocated liabilities and insurance operations` surplus	-		-		-		46,789	399,991	446,780
Total liabilities and insurance operations` surplus	250,510	180,590	90,661	6,495	26,162	15,876	617,083	399,991	1,017,074

(All amounts are in thousands Saudi Riyal unless otherwise stated)

23 SEGMENT INFORMATION (continued)

	For the year ended 31 December 2023								
Operating segment	**Medical**	**Motor**	**Property**	**Engineering**	**Marine**	**Others**	**Insurance Operations**	**Shareholders' Operations**	**Total**
Insurance service revenue	519,878	330,752	38,081	13,616	11,093	21,292	934,712	-	934,712
Insurance service expenses	(539,043)	(289,975)	(17,392)	(4,887)	20,260	(13,764)	(844,801)	-	(844,801)
Insurance service result before reinsurance contracts held	(19,165)	40,777	20,689	8,729	31,353	7,528	89,911	-	89,911
Allocation of reinsurance premiums	(2,632)	(6,328)	(27,895)	(11,595)	(6,414)	(7,149)	(62,013)	-	(62,013)
Amounts recoverable from reinsurance	6,299	3,093	2,566	(241)	(24,302)	2,137	(10,448)	-	(10,448)
Net revenues / (expenses) from reinsurance contracts held	3,667	(3,235)	(25,329)	(11,836)	(30,716)	(5,012)	(72,461)	-	(72,461)
Insurance service result	(15,498)	37,542	(4,640)	(3,107)	637	2,516	17,450	-	17,450
Finance expenses from insurance contracts issued	(8,502)	(3,035)	(3,349)	(181)	(514)	(249)	(15,830)	-	(15,830)
Finance income from reinsurance contracts held	-	-	2,923	144	441	(20)	3,488	-	3,488
Net insurance finance expenses	(8,502)	(3,035)	(426)	(37)	(73)	(269)	(12,342)	-	(12,342)
Unallocated income	-	-	-	-	-	-	38,697	21,724	60,421
Unallocated expenses	-	-	-	-	-	-	(15,450)	(2,891)	(18,341)
Net income before zakat	-	-	-	-	-	-	28,355	18,833	47,188
Net income attributable to shareholders before zakat									47,188

(All amounts are in thousands Saudi Riyal unless otherwise stated)

23 SEGMENT INFORMATION (continued)

For the year ended 31 December 2022 Restated

Operating segment	Medical	Motor	Property	Engineering	Marine	Others	Insurance Operations	Shareholders' Operations	Total
Insurance service revenue	457,183	422,662	48,826	11,955	10,845	21,622	973,092	-	973,092
Insurance service expenses	(416,153)	(523,900)	(49,150)	805	16,436	(9,625)	(981,587)	-	(981,587)
Insurance service result before reinsurance contracts held	41,030	(101,238)	(324)	12,760	27,281	11,997	(8,495)	-	(8,495)
Allocation of reinsurance premiums	(3,986)	(9,635)	(33,658)	(8,774)	(5,735)	(4,944)	(66,732)	-	(66,732)
Amounts recoverable from reinsurance	2,595	10,252	37,734	(2,744)	(12,209)	640	36,268	-	36,268
Net revenues / (expenses) from reinsurance contracts held	(1,391)	617	4,076	(11,518)	(17,944)	(4,304)	(30,464)	-	(30,464)
Insurance service result	39,639	(100,621)	3,752	1,242	9,337	7,693	(38,959)	-	(38,959)
Finance expenses from insurance contracts issued	(3,096)	(2,622)	(1,760)	(242)	(711)	(250)	(8,681)	-	(8,681)
Finance income from reinsurance contracts held	-	-	1,606	206	509	134	2,455	-	2,455
Net insurance finance expenses	(3,096)	(2,622)	(154)	(36)	(202)	(116)	(6,226)	-	(6,226)
Unallocated income	-	-	-	-	-	-	23,750	14,244	37,994
Unallocated expenses	-	-	-	-	-	-	(22,037)	(1,862)	(23,899)
Net income before zakat	-	-	-	-	-	-	(43,472)	12,382	(31,090)

Net income attributable to shareholders before zakat	(31,090)

(All amounts are in thousands Saudi Riyal unless otherwise stated)

24 STATUTORY DEPOSIT

In compliance with Article 58 of the Implementing Regulations issued by the Insurance Authority, the Company has deposited 15% (31 December 2022: 15%) of its share capital, amounting to SR 75 million (31 December 2022: SR 75 million), in a bank designated by IA. The statutory deposit is maintained with a reputed local bank and can be withdrawn only with the consent of IA. The Company is not entitled to receive the investment return on this deposit. This investment return is shown as a separate line item in the Statement of Financial Position. Income is accrued on statutory deposit at rate of 0.55% (per annum).

25 EXPENSE ANALYSIS

Following is the breakdown of expenses by category:

	31 December 2023				
	Insurance acquisition costs	**Attributable non-acquisition**	**Total attributable expesnes**	**Non attributable expesnes**	**Total**
Expenses pertaining to insurance operations					
Commissions incurred on premium written during the year	63,889	-	63,889	-	63,889
Claims handling and other expenses	-	16,459	16,459	-	16,459
Other underwriting expenses	21,714	-	21,714	-	21,714
Total expenses	**85,603**	**16,459**	**102,062**	**-**	**102,062**
Salaries and staff related costs	39,149	44,801	83,950	11,521	95,471
Depreciation and amortization	252	1,633	1,885	34	1,919
Communication and technology	1,850	6,119	7,969	1,812	9,781
Legal and professional fees	1,401	1,486	2,887	1,923	4,810
Regulatory fees	9,376	45	9,421	30	9,451
Rents	426	4,737	5,163	85	5,248
Advertisement and marketing expenses	3,233	223	3,456	67	3,523
Other expenses	958	4,326	5,284	3,072	8,356
Total expenses	**56,645**	**63,370**	**120,015**	**18,544**	**138,559**
Expenses pertaining to shareholders' operations					
Director's Remunrations	-	-	-	800	800
Others				2,091	2,091
Total	**-**	**-**	**-**	**2,891**	**2,891**
Total expenses	**142,248**	**79,829**	**222,077**	**21,435**	**243,512**

(All amounts are in thousands Saudi Riyal unless otherwise stated)

25 EXPENSE ANALYSIS (continued)

Following is the breakdown of expenses by category:

	31 December 2022				
	Insurance acquisition costs	Attributable non-acquisition expenses	Total attributable expesnes	Non attributable expesnes	Total
Expenses pertaining to insurance operations					
Commissions incurred on premium written during the year	64,207	-	64,207	-	64,207
Claims handling and other expenses	-	21,262	21,262	-	21,262
Other underwriting expenses	33,787	-	33,787	-	33,787
Total expenses	97,994	21,262	119,256	-	119,256
Salaries and staff related costs	34,415	37,250	71,665	10,836	82,501
Depreciation and amortization	584	1,210	1,794	156	1,950
Communication and technology	1,927	5,753	7,680	1,024	8,704
Legal and professional fees	1,398	3,129	4,527	1,269	5,796
Regulatory fees	10,358	16	10,374	9	10,383
Rents	1,840	2,342	4,182	557	4,739
Advertisement and marketing expenses	5,222	140	5,362	67	5,429
Other expenses	684	3,503	4,187	7,803	11,990
Total expenses	56,428	53,343	109,771	21,721	131,492
Expenses pertaining to shareholders' operations					
Director's Remunrations	-	-	-	800	800
Others	-	-	-	1,062	1,062
Total	-	-	-	1,862	1,862
Total expenses	154,422	74,605	229,027	23,583	252,610

The breakdown of the expenses attributed and allocated to insurance operations by major product line of business:

	31 December 2023		
	Attributable acquisition cost	**Attributable non-acquisition cost**	**Total**
Medical	**62,492**	**38,596**	**101,088**
Motor	**58,360**	**29,162**	**87,522**
Property	**9,745**	**5,130**	**14,875**
Engineering	**3,580**	**1,566**	**5,146**
Marine	**3,255**	**1,726**	**4,981**
Others	**4,816**	**3,649**	**8,465**
Total	**142,248**	**79,829**	**222,077**

	31 December 2022		
	Attributable acquisition cost	Attributable non-acquisition cost	Total
Medical	55,651	40,385	96,036
Motor	84,037	30,397	114,434
Property	8,186	2,482	10,668
Engineering	2,153	735	2,888
Marine	1,319	(1,548)	(229)
Others	3,076	2,154	5,230
Total	154,422	74,605	229,027

26 RISK MANAGEMENT

The risks faced by the Company and the way these risks are mitigated by management are summarized below:

Risk Governance

The Company's risk governance is manifested in a set of established policies, procedures and controls which uses the existing organizational structure to meet strategic targets. The Company's philosophy revolves on willing and knowledgeable risk acceptance commensurate with the risk appetite and strategic plan approved by the Board of directors. The Company is exposed to insurance, reinsurance, special commission rate, credit, and liquidity and currency risks.

a. Risk management structure **-** a cohesive organizational structure is established within the Company in order to identify, assess, monitor and control risks.
b. Board of directors **-** the apex of risk governance is the centralized oversight of the Board of directors providing direction and the necessary approvals of strategies and policies in order to achieve defined corporate goals.
c. Senior management **-** the senior management is responsible for the day to day operations towards achieving the strategic goals within the Company's pre-defined risk appetite.

a) Insurance risk

The principal risk the Company faces under insurance contracts is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long–term claims. Therefore, the objective of the Company is to ensure that sufficient reserves are available to cover these liabilities.

The Company purchases reinsurance as part of its risks mitigation programme. Reinsurance ceded is placed on both a proportional and non–proportional basis. The majority of proportional reinsurance is quota–share reinsurance which is taken out to reduce the overall exposure of the Company to certain classes of business. Non–proportional reinsurance is primarily excess–of–loss reinsurance designed to mitigate the Company's net exposure to catastrophe losses. Retention limits for the excess–of–loss reinsurance vary by product line and territory.

Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts. Although the Company has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to reinsurance ceded, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance arrangements. The Company's placement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor are the operations of the Company substantially dependent upon any single reinsurance contract.

Frequency and severity of claims

The frequency and severity of claims can be affected by several factors like natural disasters, flood, environmental and economical, atmospheric disturbances, concentration of risks, civil riots etc. The Company manages these risk through the measures described above. The Company has limited its risk by imposing maximum claim amounts on certain contracts as well as the use of reinsurance arrangements in order to limit exposure to catastrophic events (e.g., hurricanes, earthquakes and flood damage). The purpose of these underwriting and reinsurance strategies is to limit exposure to catastrophes based on the Company's risk appetite as decided by management. The Board may decide to increase or decrease the maximum tolerances based on market conditions and other factors.

26 RISK MANAGEMENT (continued)

a) Insurance risk (continued)

Concentration of insurance risk

The Company monitors concentration of insurance risks primarily by class of business. The major concentration lies in medical and motor segment.

The Company also monitors concentration of risk by evaluating multiple risks covered in the same geographical location. For flood or earthquake risk, a complete city is classified as a single location. For fire and property risk a particular building and neighboring buildings, which could be affected by a single claim incident, are considered as a single location. Similarly, for marine risk, multiple risks covered in a single vessel voyage are considered as a single risk while assessing concentration of risk. The Company evaluates the concentration of exposures to individual and cumulative insurance risks and establishes its reinsurance policy to reduce such exposures to levels acceptable to the Company.

Since the Company operates majorly in Saudi Arabia, all the insurance risks relate to policies written in Saudi Arabia.

Sources of uncertainty in estimation of future claim payments

The key source of estimation uncertainty at the statement of financial position date relates to valuation of outstanding claims, whether reported or not, and includes expected claims settlement costs. The principal assumption underlying the liability estimates is that the Company's future claims development will follow a similar pattern to past claims development experience. This includes assumptions in respect of average claim costs, claim handling costs, claim inflation factors and claim numbers for each accident year. Additional qualitative judgements are used to assess the extent to which past trends may not apply in the future. factors such as judicial decisions and others affect the estimates. Considerable judgment by management is required in the estimation of amounts due to policyholders arising from claims made under insurance contracts. Such estimates are necessarily based on assumptions about several factors involving varying and possibly significant degrees of judgment and uncertainty and actual results may differ from management's estimates resulting in future changes in estimated liabilities.

In particular, estimates have to be made both for the expected ultimate cost of claims reported at the statement of financial position date and for the expected ultimate cost of claims incurred but not reported (IBNR) at the statement of financial position date.

Process used to decide on assumptions

The process used to determine the assumptions for calculating the outstanding claim reserve is intended to result in neutral reasonable estimates of the most likely or expected outcome. The nature of the business makes it very difficult to predict with certainty the likely outcome of any particular claim and the ultimate cost of notified claims. Each notified claim is assessed on a separate, case by case basis with due regard to claim circumstances, information available from surveyors and historical evidence of the size of similar claims. Case estimates are reviewed regularly and are updated as and when new information is available.

The estimation of IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Company, in which case information about the claim event is available. The estimation process takes into account the past claims reporting pattern and details of reinsurance programs.

(All amounts are in thousands Saudi Riyal unless otherwise stated)

26 RISK MANAGEMENT (continued)

a) Insurance risk (continued)

Process used to decide on assumptions (continued)

The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques, such as Chain Ladder and Bornheutter-Ferguson methods.

The main assumption underlying these techniques is that a 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 and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analyzed by accident years, but can also be further analyzed by geographical area, as well as by significant business lines and claim types. Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims development data on which the projections are based. Additional qualitative judgement is used to assess the extent to which past trends may not apply in 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, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the likely outcome from the range of possible outcomes, taking account of all the uncertainties involved.

The premium liabilities have been determined such that the total premium liability provisions (unearned premium reserve and premium deficiency reserve in result of liability adequacy test) would be sufficient to service the future expected claims and expenses likely to occur on the unexpired policies as at the statement of financial position date. The expected future liability is determined using estimates and assumptions based on the experience during the expired period of the contracts and expectations of future events that are believed to be reasonable.

- Sensitivity analysis

The Company believes that the claim liabilities under insurance contracts outstanding at the year end are adequate. However, these amounts are not certain and actual payments may differ from the claims liabilities provided in the financial statements. The insurance claim liabilities are sensitive to the various assumptions. It has not been possible to quantify the sensitivity of specific variable such as legislative changes or uncertainty in the estimation process.

A hypothetical 10% change in the claim ratio, net of reinsurance, would impact net underwriting income as follows:

	Change in assumptions	**Increase/ (decrease) in net liabilities**	**Increase/ (decrease) in underwriting surplus**
Ultimate loss ratio			
2023	**+/- 10%**	**60,804**	**60,804**
2022	+/- 10%	75,440	75,440

26 RISK MANAGEMENT (continued)

b) Reinsurance risk

In order to minimize financial exposure arising from large claims, the Company, in the normal course of business, enters into agreements with other parties for reinsurance purposes.

To minimize its exposure to significant losses from reinsurer insolvencies, the Company evaluates the financial condition of its reinsurers and monitors concentrations of credit risk arising from similar geographic regions, activities or economic characteristics of the reinsurers.

Reinsurers are selected using the following parameters and guidelines set by the Company's Board of Directors. The criteria may be summarized as follows:

- Minimum acceptable credit rating by recognized rating agencies that is not lower than BBB or equivalent
- Reputation of particular reinsurance companies
- Existing or past business relationship with the reinsurer.

Furthermore, the financial strength and managerial and technical expertise as well as historical performance of the reinsurers, wherever applicable, are thoroughly reviewed by the Company and agreed to pre-set requirements of the Company's Board of Directors before approving them for exchange of reinsurance business. As at 31 December 2023 and 2022, there is no significant concentration of reinsurance balances.

Reinsurance ceded contracts do not relieve the Company from its obligations to policyholders and as a result the Company remains liable for the portion of outstanding claims reinsured to the extent that the reinsurer fails to meet the obligations under the reinsurance agreements.

c) Interest rate risk

Commission rate risk arises from the possibility that changes in commission rates will affect future profitability or the fair values of financial instruments. The Company is exposed to commission rate risk on its murabaha deposits and investment in Sukuk.

The Company have murabaha deposits and investment in Sukuk which are realizable within 3 months up to 3 years, with the exception of restricted deposits which are required to be maintained in accordance with regulations in Saudi Arabia on which the Company does not earn any commission. Management limits commission rate risk by monitoring changes in commission rates in the currencies in which its deposits are denominated. The Company had no deposits in currencies other than Saudi Riyal.

The following information demonstrates the sensitivity of statement of income to possible changes in commission rates, with all other variables held constant.

	2023	2022
Increase / decrease in commission rates by 100 basis points	**2,072**	2,411

d) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. For all classes of financial instruments held by the Company, the maximum credit risk exposure to the Company is the carrying value as disclosed in the statement of financial position.

The following policies and procedures are in place to mitigate the Company's exposure to credit risk:

a. To minimize its exposure to significant losses from reinsurer insolvencies, the Company evaluates the financial condition of its reinsurers. Accordingly, as a pre-requisite, the parties with whom reinsurance is effected are required to have a minimum acceptable security rating level affirming their financial strength.

b. The Company seeks to manage its credit risk with respect to customers by setting credit limits for individual customers and by monitoring outstanding receivables.

c. Cash and cash equivalents are maintained with local banks approved by the management. Accordingly, as a pre-requisite, the bank with whom cash and cash equivalents are maintained is required to have a minimum acceptable security rating level affirming its financial strength.

(All amounts are in thousands Saudi Riyal unless otherwise stated)

26 RISK MANAGEMENT (continued)

d) Credit risk (continued)

The Company does not have an internal credit ratings assessment process, and accordingly, amounts which are neither past due nor impaired, in respect of client balances, are from individuals and unrated corporate counter parties. Balances due from reinsurers are with counterparties who have investment grade credit ratings issued by external rating agencies.

The table below shows the maximum exposure to credit risk for the components of the statement of financial position.

	31 December 2023	31 December 2022 Restated	1 January 2022 Restated
Cash and cash equivalents	**110,571**	336,530	475,801
Murabaha deposits	**329,372**	157,965	131,332
Reinsurance contract assets	**107,591**	126,755	106,288
Investments	**179,135**	211,726	220,424
Statutory deposit	**74,986**	74,986	74,986
Other assets	**9,169**	7,580	20,571
	810,824	915,542	1,029,402

Credit quality

The credit quality of the financial assets is ranging from A to BBB+ that is strong and satisfactory quality

Very strong quality: Capitalization, earnings, financial strength, liquidity, management, market reputation and repayment ability are excellent.

Satisfactory quality: Require regular monitoring due to financial risk factors. Ability to repay remains at a satisfactory level.

The table below provides information regarding the credit risk exposure of the Company by classifying assets according to the Company's credit rating of counterparties. Investment grade ratings refers to companies with sound credit standing of AAA (as per a reputable credit agency) and/or Aaa to Baa3 (as per Moody's). Ratings below the mentioned threshold are considered sub-investment grade with a higher default risk.

	31 December 2023		
	Investment grade	**Non-investment grade**	**Total**
Cash and cash equivalents	**110,571**	**-**	**110,571**
Murabaha deposits	**329,372**	**-**	**329,372**
Reinsurance contract assets	**107,591**	**-**	**107,591**
Investments	**179,135**	**-**	**179,135**
Statutory deposit	**74,986**	**-**	**74,986**
Accrued commission income on statutory deposit	**3,205**	**-**	**3,205**
	804,860	**-**	**804,860**

(All amounts are in thousands Saudi Riyal unless otherwise stated)

26 RISK MANAGEMENT (continued)

d) Credit risk (continued)

	31 December 2022 Restated		
	Investment grade	Non-investment grade	Total
Cash and cash equivalents	336,530	-	336,530
Murabaha deposits	157,965	-	157,965
Reinsurance contract assets	126,755	-	126,755
Investments	211,726	-	211,726
Statutory deposit	74,986	-	74,986
Accrued commission income on statutory deposit	10,778	-	10,778
	918,740	-	918,740

e) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its operational or financial obligations when they are due. Liquidity requirements are monitored on a monthly basis and management ensures that sufficient liquid funds through premiums received and excess cash are available to meet any commitments as they arise.

The table below summaries the maturity profile of the financial liabilities of the Company based on remaining expected undiscounted contractual obligations:

		2023	
	Up to one year	**More than one year**	**Total**
Accrued expenses and other liabilities	**39,179**	-	**39,179**
Lease liabilites	**1,550**	-	**1,550**
Insurance contract liabilities	**433,522**	-	**433,522**
Accrued return payable to Insurance Authority	**3,205**	-	**3,205**
	477,456	-	**477,456**

		2022 Restated	
	Up to one year	More than one year	Total
Accrued expenses and other liabilities	42,521	-	42,521
Lease liabilities	1,732	-	1,732
Insurance contract liabilities	570,294	-	570,294
Accrued return payable to Insurance Authority	10,778	-	10,778
	625,325	-	625,325

All assets excluding financial assets at amortised cost, financial assets at fair value, fixtures, furniture and equipment and right-of-use assets, intangible assets, statutory deposit and accrued income on statutory deposit and term deposits are expected to be recovered or settled before one year.

None of the financial liabilities on the statement of financial position are based on discounted cash flows, with exception of end-of-service benefits and lease liabilities and are all payable on a basis as set out above. There are no differences between contractual and expected maturity of the financial liabilities of the company.

(All amounts are in thousands Saudi Riyal unless otherwise stated)

26 RISK MANAGEMENT (continued)

f) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Management believes that there is minimal risk of significant losses due to exchange rate fluctuation, as the majority of monetary assets and liabilities are in currencies linked to the Saudi Riyals.

g) Market price risk

Market price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market.

The Company has investment in unquoted equity instruments carried at cost, where the impact of changes in equity price will only be reflected when the instrument is sold or deemed to be impaired and then the statement of changes in equity will be impacted.

Sensitivity analysis

The sensitivity of the comprehensive income on the assumed changes in the market prices of quoted FVOCI investments included in the assets for the year ended 31 December 2023 and 2022 is set out below:

2023		2022 Restated	
Change in market price	***Impact +/-***	*Change in market price*	*Impact +/-*
+ / - 5%	**2,383**	+ / - 5%	2,156
+ / - 10%	**4,765**	+ / - 10%	4,312

h) Capital management

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

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

The Company manages its capital to ensure that it is able to continue as going concern and comply with the regulators' capital requirements of the markets in which the Company operates while maximizing the return to stakeholders through the optimization of the debt and equity balance. The capital structure of the Company consists of equity attributable to equity holders comprising paid share capital, reserves and retained earnings.

As per guidelines laid out by the Insurance Authority in Article 66 of the Implementing Insurance Regulations detailing the solvency margin required to be maintained, the Company shall maintain solvency margin equivalent to the highest of the following three methods as per Insurance Authority Implementing Regulations:

- Minimum Capital Requirement of SR 100 million
- Premium Solvency Margin
- Claims Solvency Margin

(All amounts are in thousands Saudi Riyal unless otherwise stated)

26 RISK MANAGEMENT (continued)

i) Liquidity risk and maturity profiles

Liquidity risk is the risk that the Company will not be able to meet its commitments associated with financial liabilities when they fall due. Liquidity requirements are monitored on a monthly basis and management ensures that sufficient liquid funds are available to meet any commitments as they arise.

Maturity Profiles

The table below summarizes the maturity profile of financial assets and financial liabilities of the Company based on remaining contractual obligations. For insurance contract liabilities maturity profiles are determined based on the estimated timing of net cash outflows from the recognized insurance liabilities. The amount disclosed are the contractual undiscounted cash flows which equal their carrying balances as the impact of discounting is not significant.

	2023			2022 Restated		
FINANCIAL ASSETS	**One year and less**	**More than a year**	**Total**	One year and less	More than a year	Total
Cash and cash equivalents	**110,571**	**-**	**110,571**	336,530	-	336,530
Murabaha deposits	**329,372**	**-**	**329,372**	157,965	-	157,965
Reinsurance contract assets	**107,591**	**-**	**107,591**	126,755	-	126,755
Investments	**179,135**	**-**	**179,135**	211,726	-	211,726
Statutory deposit	**-**	**74,986**	**74,986**	-	74,986	74,986
Accrued commission income on statutory deposit	**-**	**3,205**	**3,205**	-	10,778	10,778
	726,669	**78,191**	**804,860**	832,976	85,764	918,740
FINANCIAL LIABILITIES						
Insurance contract liabilities	**433,522**		**433,522**	570,294	-	570,294
Reinsurance contract liabilities	**2,274**		**2,274**	-	-	-
Employees' end-of-service benefits	**-**	**23,733**	**23,733**	-	17,149	17,149
Provision for zakat	**-**	**-**	**-**	23,631	-	23,631
Accrued return payable to Insurance Authority	**-**	**3,205**	**3,205**	20,374	10,778	31,152
	435,796	**26,938**	**462,734**	614,299	27,927	642,226

Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Company’s total credit exposure. All of the Company’s underwriting activities are carried out in Saudi Arabia. The Company’s portfolio of financial instruments is broadly diversified, and transactions are entered into with diverse credit-worthy counterparties thereby mitigating any significant concentrations of credit risk.

(All amounts are in thousands Saudi Riyal unless otherwise stated)

27 CLAIMS DEVELOPMENT TABLE

The following table shows the estimates of cumulative incurred claims, including both claims notified and incurred but not reported alongwith event not in data for each successive accident year at each statement of financial position date, together with cumulative payments to date. The development of insurance liabilities provides a measure of the Company's ability to estimate the ultimate value of the claims.

The Company aims to maintain adequate reserves in respect of its insurance business in order to protect against adverse future claims experience and developments.

Claims triangular analysis is by accident years spanning a number of financial years.

Claims development table gross of reinsurance (with IBNR) for 2023:

Accident year	**2017 & earlier**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**Total**
At end of accident year	**20,531,089**	**526,238**	**614,550**	**589,130**	**757,685**	**827,808**	**662,750**	**24,509,250**
One year later	**4,509,206**	**496,497**	**608,519**	**541,073**	**743,359**	**807,255**	**-**	**7,705,909**
Two years later	**4,491,125**	**493,509**	**612,464**	**535,261**	**765,308**	**-**	**-**	**6,897,667**
Three years later	**4,467,056**	**488,551**	**606,375**	**539,364**	**-**	**-**	**-**	**6,101,346**
Four years later	**4,453,377**	**480,709**	**583,704**	**-**	**-**	**-**	**-**	**5,517,790**
Five years later	**4,452,578**	**482,171**	**-**	**-**	**-**	**-**	**-**	**4,934,749**
Six years later	**4,453,646**	**-**	**-**	**-**	**-**	**-**	**-**	**4,453,646**
Current estimate of cumulative claims	**4,453,646**	**482,171**	**583,704**	**539,364**	**765,308**	**807,255**	**662,750**	**8,294,198**
Cumulative payments to date	**(4,443,277)**	**(478,538)**	**(581,698)**	**(535,753)**	**(753,494)**	**(775,310)**	**(479,361)**	**(8,047,431)**
Gross outstanding claims and IBNR (undiscounted)	**10,369**	**3,633**	**2,006**	**3,611**	**11,814**	**31,945**	**183,389**	**246,767**
Effect of discounting								**(11,130)**
Gross discounted liabilities for incurred claims excluding risk adjustment								**235,637**
Effect of the risk adjustment margin for non-financial risk								**9,646**
Gross liabilities for incurred claims								**245,283**

(All amounts are in thousands Saudi Riyal unless otherwise stated)

27 CLAIMS DEVELOPMENT TABLE (continued)

Claims development table gross of reinsurance (with IBNR) for 2022:

Accident year	2016 & earlier	2017	2018	2019	2020	2021	2022	Total
At end of accident year	15,979,213	726,007	526,238	614,550	589,130	757,685	827,808	20,020,631
One year later	3,825,869	711,132	496,497	608,519	541,073	743,359	-	6,926,448
Two years later	3,798,075	709,764	493,509	612,464	535,261	-	-	6,149,073
Three years later	3,781,361	698,234	488,551	606,375	-	-	-	5,574,521
Four years later	3,768,821	694,848	480,709	-	-	-	-	4,944,379
Five years later	3,758,529	694,724	-	-	-	-	-	4,453,253
Six years later	3,757,853	-	-	-	-	-	-	3,757,853
Current estimate of cumulative claims	3,757,853	694,724	480,709	606,375	535,261	743,359	827,808	7,646,089
Cumulative payments to date	(3,745,187)	(691,922)	(476,870)	(570,545)	(529,847)	(722,657)	(590,256)	(7,327,284)
Gross outstanding claims and IBNR (undiscounted)	12,666	2,802	3,839	35,830	5,414	20,702	237,552	318,805
Effect of discounting								(8,013)
Gross discounted liabilities for incurred claims excluding risk adjustment								310,792
Effect of the risk adjustment margin for non-financial risk								14,944
Gross liabilities for incurred claims								325,736

(All amounts are in thousands Saudi Riyal unless otherwise stated)

27 CLAIMS DEVELOPMENT TABLE (continued)

Claims development table net of reinsurance (with IBNR) for 2023:

Accident year	2017 & earlier	2018	2019	2020	2021	2022	2023	Total
At end of accident year	17,118,359	507,617	545,045	568,448	740,223	761,894	614,830	20,856,417
One year later	4,081,020	473,137	547,317	515,864	732,358	780,250	-	7,129,946
Two years later	4,058,168	471,683	557,682	521,693	755,549	-	-	6,364,775
Three years later	4,049,848	470,719	551,190	525,596	-	-	-	5,597,353
Four years later	4,039,654	467,978	551,065	-	-	-	-	5,058,697
Five years later	4,049,477	468,852	-	-	-	-	-	4,518,329
Six years later	4,049,308	-	-	-	-	-	-	4,049,308
Current estimate of cumulative claims	4,049,308	468,852	551,065	525,596	755,549	780,250	614,830	7,745,450
Cumulative payments to date	(4,057,653)	(468,578)	(551,431)	(524,874)	(752,045)	(763,032)	(476,914)	(7,594,526)
Net outstanding claims and IBNR (undiscounted)	(8,345)	274	(366)	722	3,504	17,218	137,916	150,924

Effect of discounting	(8,535)
Net discounted liabilities for incurred claims excluding risk adjustment	142,389
Effect of the risk adjustment margin for non-financial risk	6,994
Net liabilities for incurred claims	149,383

(All amounts are in thousands Saudi Riyal unless otherwise stated)

27 CLAIMS DEVELOPMENT TABLE (continued)

Claims development table net of reinsurance (with IBNR) for 2022:

Accident year	2016 & earlier	2017	2018	2019	2020	2021	2022	Total
At end of accident year	13,029,280	704,249	507,617	545,045	568,448	740,223	761,894	16,856,756
One year later	3,384,830	657,183	473,137	547,317	515,864	732,358	-	6,310,689
Two years later	3,423,836	650,166	471,683	557,682	521,693	-	-	5,625,060
Three years later	3,408,002	651,427	470,719	551,190	-	-	-	5,081,338
Four years later	3,398,421	649,356	467,978	-	-	-	-	4,515,755
Five years later	3,390,298	650,664	-	-	-	-	-	4,040,962
Six years later	3,398,812	-	-	-	-	-	-	3,398,812
Current estimate of cumulative claims	3,398,812	650,664	467,978	551,190	521,693	732,358	761,894	7,084,589
Cumulative payments to date	(3,406,650)	(650,101)	(467,860)	(549,809)	(519,318)	(722,298)	(589,438)	(6,905,474)
Net outstanding claims and IBNR (undiscounted)	(7,838)	563	118	1,381	2,375	10,060	172,456	179,115
Effect of discounting								(4,264)
Net discounted liabilities for incurred claims excluding risk adjustment								174,851
Effect of the risk adjustment margin for non-financial risk								8,271
Net liabilities for incurred claims								183,122

(All amounts are in thousands Saudi Riyal unless otherwise stated)

28 SUPPLEMENTARY INFORMATION

28.1 Statement of financial position

	Insurance operations			Shareholders' operations			Total		
	31 December		1 January	31 December		1 January	31 December		1 January
	2023	2022	2022	**2023**	2022	2022	**2023**	2022	2022
		Restated	Restated		Restated	Restated		Restated	Restated
ASSETS									
Cash and cash equivalents	**103,215**	235,007	204,272	**7,356**	101,523	271,529	**110,571**	336,530	475,801
Murabaha deposits	**183,288**	135,353	131,332	**146,084**	22,612	-	**329,372**	157,965	131,332
Reinsurance contract assets	**107,591**	126,755	106,288	**-**	-	-	**107,591**	126,755	106,288
Investments	**23,871**	74,846	73,063	**155,264**	136,880	147,361	**179,135**	211,726	220,424
Prepayments and other assets	**69,809**	38,953	30,811	**43,434**	56,258	2,547	**113,243**	95,211	33,358
Property and equipment	**4,042**	4,114	4,846	**-**	-	-	**4,042**	4,114	4,846
Right of use assets	**1,995**	2,055	3,352	**-**	-	-	**1,995**	2,055	3,352
Statutory deposit	**-**	-	-	**74,986**	74,986	74,986	**74,986**	74,986	74,986
Accrued commission income on statutory deposit	**-**	-	-	**3,205**	10,778	10,167	**3,205**	10,778	10,167
	493,811	617,083	553,964	**430,329**	403,037	506,590	**924,140**	1,020,120	1,060,554
Due (to) / from insurance operations	**-**	-	-	**11,010**	(3,046)	(74,010)	**11,010**	(3,046)	(74,010)
TOTAL ASSETS	**493,811**	617,083	553,964	**441,339**	399,991	432,580	**935,150**	1,017,074	986,544

(All amounts are in thousands Saudi Riyal unless otherwise stated)

28 SUPPLEMENTARY INFORMATION (continued)

28.1 Statement of financial position (continued)

	Insurance operations			**Shareholders' operations**			**Total**		
	31 December		1 January	**31 December**		1 January	**31 December**		1 January
	2023	2022	2022	**2023**	2022	2022	**2023**	2022	2022
		Restated	Restated		Restated	Restated		Restated	Restated
LIABILITIES									
Accrued expenses and other liabilities	**36,883**	39,945	35,544	**2,296**	2,576	2,155	**39,179**	42,521	37,699
Lease liabilites	**1,550**	1,732	2,478	-	-	-	**1,550**	1,732	2,478
Insurance contract liabilities	**433,522**	570,294	579,086	-	-	-	**433,522**	570,294	579,086
Reinsurance contract liabilities	**2,274**	-	-	-	-	-	**2,274**	-	-
Employees' end-of-service benefits	**23,733**	17,149	20,154	-	-	-	**23,733**	17,149	20,154
Provision for zakat	-	-	-	-	23,631	17,252	-	23,631	17,252
Accrued return payable to Insurance Authority	-	-	-	**3,205**	10,778	10,167	**3,205**	10,778	10,167
	497,962	629,120	637,262	**5,501**	36,985	29,574	**503,463**	666,105	666,836
Due (from) / to shareholders' operations	**11,010**	(3,046)	(74,010)	-	-	-	-	(3,046)	(74,010)
TOTAL LIABILITIES	**508,972**	626,074	563,252	**5,501**	36,985	29,574	**503,463**	663,059	592,826
EQUITY									
Share capital	-	-	-	**500,000**	500,000	500,000	**500,000**	500,000	500,000
Statutory reserve	-	-	-	**2,131**	2,131	2,131	**2,131**	2,131	2,131
Accumulated losses	-	-	-	**(134,949)**	(173,137)	(131,930)	**(134,949)**	(173,137)	(131,930)
Investments fair value reserve	**(127)**	(118)	1,388	**38,069**	34,012	32,805	**37,942**	33,894	34,193
Re-measurement losses on defined benefit plans	**(15,034)**	(8,873)	(10,676)	-	-	-	**(15,034)**	(8,873)	(10,676)
TOTAL EQUITY	**(15,161)**	(8,991)	(9,288)	**405,251**	363,006	403,006	**390,090**	354,015	393,718
TOTAL LIABILITIES AND EQUITY	**493,811**	617,083	553,964	**410,752**	399,991	432,580	**904,563**	1,017,074	986,544

(All amounts are in thousands Saudi Riyal unless otherwise stated)

28 SUPPLEMENTARY INFORMATION (continued)

28.2 Statement of income

	For the year ended 31 December 2023					
	Insurance operations		Shareholders' operations		Total	
	2023	2022 Restated	**2023**	2022 Restated	**2023**	2022 Restated
REVENUES						
Insurance service revenue	**934,712**	973,092	-	-	**934,712**	973,092
Insurance service expenses	**(844,801)**	(981,587)	-	-	**(844,801)**	(981,587)
Insurance service result before reinsurance contracts held	**89,911**	(8,495)	-	-	**89,911**	(8,495)
Allocation of reinsurance premiums	**(62,013)**	(66,732)	-	-	**(62,013)**	(66,732)
Amounts recoverable from reinsurance	**(10,448)**	36,268	-	-	**(10,448)**	36,268
Net expenses from reinsurance contracts held	**(72,461)**	(30,464)	-	-	**(72,461)**	(30,464)
Insurance service result	**17,450**	(38,959)	-	-	**17,450**	(38,959)
Investment income on financial assets at amortised cost	**14,254**	14,262	**6,462**	7,714	**20,716**	21,976
Investment income on financial assets at FVTPL	**4,394**	4,792	**15,270**	3,658	**19,664**	8,450
Net credit impairment losses on financial assets	**(16)**	-	**(8)**	22	**(24)**	22
Other investment income	**114**	6	-	1,066	**114**	1,072
Net investment income	**18,746**	19,060	**21,724**	12,460	**40,470**	31,520
Finance expenses from insurance contracts issued	**(15,830)**	(8,681)	-	-	**(15,830)**	(8,681)
Finance income from reinsurance contracts held	**3,488**	2,455	-	-	**3,488**	2,455
Net insurance finance expenses	**(12,342)**	(6,226)	-	-	**(12,342)**	(6,226)
Net insurance and investment result	**23,855**	(26,125)	**21,724**	12,460	**45,578**	(13,665)

(All amounts are in thousands Saudi Riyal unless otherwise stated)

28 SUPPLEMENTARY INFORMATION (continued)

28.2 Statement of income (continued)

	For the year ended 31 December 2023					
	Insurance operations		Shareholders' operations		Total	
	2023	2022 Restated	**2023**	2022 Restated	**2023**	2022 Restated
Net insurance and investment result	**23,855**	(26,125)	**21,724**	12,460	**45,578**	(13,665)
OTHER INCOME / (EXPENSES)						
Other operating expenses	**(15,450)**	(22,037)	**(2,891)**	(1,862)	**(18,341)**	(23,899)
Other income	**19,951**	4,690	**-**	1,784	**19,951**	6,474
TOTAL OTHER INCOME / (EXPENSES)	**4,501**	(17,347)	**(2,891)**	(78)	**1,610**	(17,425)
Total income / (loss) for the year	**28,356**	(43,472)	**18,833**	12,382	**47,188**	(31,090)
Zakat charge for the year	-	-	**(9,000)**	(10,288)	**(9,000)**	(10,288)
Net income / (loss) attributable to shareholders' operations	**28,356**	(43,472)	**9,833**	2,094	**38,188**	(41,378)

(All amounts are in thousands Saudi Riyal unless otherwise stated)

28 SUPPLEMENTARY INFORMATION (continued)

28.3 Statement of comprehensive income

	For the year ended 31 December 2023					
	Insurance operations		Shareholders' operations		Total	
	2023	2022 Restated	**2023**	2022 Restated	**2023**	2022 Restated
Net income / (loss) for the year	**-**	-	**38,188**	(41,378)	**38,188**	(41,378)
Other comprehensive income:						
Items that will not be recycled to statements of income in subsequent years						
Re-measurement (loss)/ gain on defined benefit plan	**(6,161)**	1,803	**-**	-	**(6,161)**	1,803
Change in fair value of financial investments at FVTOCI	**(9)**	(1,506)	**4,057**	1,207	**4,048**	(299)
Total comprehensive income / (loss) for the year	**(6,170)**	297	**42,245**	(40,171)	**36,075**	(39,874)
Total comprehensive income attributable to insurance operations	-	-	-	-	-	-
Total comprehensive income / (loss) attributable to shareholders	**(6,170)**	297	**42,245**	(40,171)	**36,075**	(39,874)

(All amounts are in thousands Saudi Riyal unless otherwise stated)

28 SUPPLEMENTARY INFORMATION (continued)

28.4 Statement of cash flows

	For the year ended 31 December 2023					
	Insurance operations		**Shareholders' operations**		**Total**	
	2023	2022	**2023**	2022	**2023**	2022
		Restated		Restated		Restated
CASH FLOWS FROM OPERATING ACTIVITIES						
Net income / (loss) for the year before zakat	-	-	**47,188**	(31,090)	**47,188**	(31,090)
Adjustments for:						
Other investment income	**(114)**	-	-	(1,066)	**(114)**	(1,066)
Depreciation of property and equipment	**916**	1,950	-	-	**916**	1,950
Depreciation on Right to use assets	**1,461**	1,580		-	**1,461**	1,580
Investment income on financial assets at FVTPL	**(4,394)**	(4,792)	**(15,270)**	(3,658)	**(19,664)**	(8,450)
Finance expenses from insurance contracts issued	**15,830**	8,681	**-**	**-**	**15,830**	8,681
Finance income from reinsurance contracts held	**(3,488)**	(2,455)	**-**	**-**	**(3,488)**	(2,455)
Finance cost on lesae liabilities	**98**	164		**-**	**98**	164
Net credit impairment losses on financial assets	**16**	-	**8**	(22)	**24**	(22)
Provision for employees' end-of-service benefits	**3,121**	3,075	**-**	**-**	**3,121**	3,075
Changes in operating assets and liabilities:						
Reinsurance contract assets	**22,652**	(18,012)	-	-	**22,652**	(18,012)
Prepayments and other assets	**(30,856)**	(8,142)	**12,824**	(53,711)	**(18,032)**	(61,853)
Right to use assets	**(1,401)**	(283)		-	**(1,401)**	(283)
Accrued expenses and other liabilities	**(3,073)**	4,401	**(770)**	421	**(3,843)**	4,822
Insurance contract liabilities	**(152,603)**	(17,473)	-	-	**(152,603)**	(17,473)
Reinsurance contract liabilities	**2,274**	-	-	-	**2,274**	-
Cash generated from / (used in) operations	**(149,561)**	(31,306)	**43,980**	(89,126)	**(105,581)**	(120,432)

(All amounts are in thousands Saudi Riyal unless otherwise stated)

28 SUPPLEMENTARY INFORMATION (continued)

28.4 Statement of cash flows (continued)

		For the year ended 31 December 2023					
		Insurance operations		Shareholders' operations		Total	
		2023	2022	**2023**	2022	**2023**	2022
Due to/from insurance operations		**14,056**	70,964	**(14,056)**	(70,964)	**-**	-
Zakat paid		**-**	-	**-**	(2,044)	**-**	(2,044)
Employees' end-of-service benefits paid		**(2,687)**	(4,277)	**-**	-	**(2,687)**	(4,277)
Net cash generated from / (used in) operating activities		**(138,192)**	35,381	**29,924**	(162,134)	**(108,268)**	(126,753)
CASH FLOWS FROM INVESTING ACTIVITIES							
Net placement to murabaha deposits		**(47,935)**	(4,021)	**(123,472)**	(22,612)	**(171,407)**	(26,633)
Proceeds from financial assets		**55,360**	774	**1,425**	16,605	**56,785**	17,379
Addition to property and equipment		**(843)**	(653)	**-**	-	**(843)**	(653)
Net cash used in investing activities		**6,582**	(3,900)	**(122,047)**	(6,007)	**(115,465)**	(9,907)
CASH FLOWS FROM FINANCING ACTIVITIES							
Lease liabilities		**(182)**	(746)	**-**	-	**(182)**	(746)
Net cash used in financing activities		**(182)**	**(746)**	**-**	**-**	**(182)**	**(746)**
Net change in cash and cash equivalents		**(131,792)**	30,735	**(92,123)**	(168,141)	**(223,915)**	(137,406)
Cash and cash equivalents at the beginning of the year	5	**235,007**	204,272	**101,523**	271,529	**336,530**	475,801
Cash and cash equivalents at the end of the year	5	**103,215**	235,007	**9,400**	103,388	**112,615**	338,395
Supplemental non-cash information:							
Change in fair value of financial investments at FVTOCI		**(9)**	(1,506)	**4,057**	1,207	**4,048**	(299)
Commission movement on statutory deposit		**-**	-	**(7,573)**	611	**(7,573)**	611

29 INSURANCE PORTFOLIO SHARE

On 25 June 2020 the Company, signed the Inherent Defect Insurance (IDI) shared agreement with 14 other participating insurance companies relating to inherent defects insurance provides coverage against post usage detected defects in buildings and constructions. Malath as a leading company to manages the IDI portfolio on behalf of the participating insurance companies and will exclusively be entitled to management fees of managing the portfolio to be earned over the period of validity of the IDI agreement that is ending at 24 June 2025.

The participating insurance companies will account on their financials the IDI portfolio assets, liabilities, revenues and expenses relating to their share in the portfolio in accordance with the IFRSs applicable to the particular assets, liabilities, revenues and expenses.

Malath has reported its share of the IDI transaction under the others segment.

30 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors on 10 Ramadan 1445 H corresponding to 20 March 2024.