

**GULF UNION ALAHLIA COOPERATIVE  
INSURANCE COMPANY  
(A Saudi Joint Stock Company)**

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

**GULF UNION ALAHLIA COOPERATIVE INSURANCE COMPANY  
(A Saudi Joint Stock Company)  
INTERIM CONDENSED FINANCIAL INFORMATION  
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2023  
(UNAUDITED)**

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## *Report on review of interim condensed financial information*

To the shareholders of Gulf Union Alahlia Cooperative Insurance Company  
(A Saudi Joint Stock Company)

### **Introduction**

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

### **Scope of review**

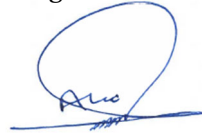
We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity", as endorsed in the Kingdom of Saudi Arabia. A review of interim financial information consists of making inquiries,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

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial information is not prepared, in all material respects, in accordance with IAS 34, as endorsed in the Kingdom of Saudi Arabia.

### **PricewaterhouseCoopers**

P.O. Box 467  
Dhahran Airport 31932  
Kingdom of Saudi Arabia



Ali H. Al Basri  
License Number 409



### **Al Kharashi & Co. Certified Accountants and Auditors.**

P.O. Box 8306  
Riyadh 11482  
Kingdom of Saudi Arabia



Abdullah AlMsned  
License Number 456



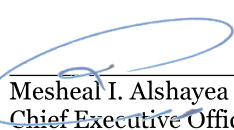
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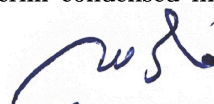
**GULF UNION ALAHLIA COOPERATIVE INSURANCE COMPANY**  
(A Saudi Joint Stock Company)  
**INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION**  
(All amounts expressed in Saudi Riyals unless otherwise stated)

			<b>31 December 2022 (Restated - Notes 3 and 4) (Unaudited)</b>	<b>1 January 2022 (Restated - Notes 3 and 4) (Unaudited)</b>
	<b>Note</b>	<b>30 June 2023 (Unaudited)</b>		
<b>ASSETS</b>				
Cash and cash equivalents	6	<b>155,826,571</b>	100,318,382	114,978,248
Term deposits	7	<b>169,984,902</b>	160,086,124	40,032,877
Investments:				
Financial assets at fair value through profit or loss ("FVTPL")	8	<b>129,682,352</b>	126,929,573	117,362,818
Financial assets at fair value through other comprehensive income ("FVOCI")	8	<b>79,406,254</b>	79,406,254	74,065,119
Financial assets at amortised cost	8	<b>156,094,969</b>	155,998,139	161,262,083
Prepaid expenses and other assets		<b>12,427,542</b>	32,415,786	35,273,987
Reinsurance contract assets	10	<b>55,874,258</b>	74,727,022	106,535,108
Right-of-use assets		<b>8,549,343</b>	7,447,736	7,584,087
Property and equipment		<b>8,656,659</b>	7,565,938	8,854,908
Intangible assets		<b>44,268,308</b>	45,468,473	43,378,547
Goodwill		<b>67,697,750</b>	67,697,750	67,697,750
Statutory deposit	9	<b>68,828,969</b>	68,830,314	34,412,591
Accrued income on statutory deposit	9	<b>10,210,368</b>	8,954,696	7,738,807
<b>TOTAL ASSETS</b>		<b>967,508,245</b>	935,846,187	819,176,930
<b>LIABILITIES</b>				
Accrued and other liabilities	12	<b>29,877,216</b>	36,550,750	14,500,496
Insurance contract liabilities	10	<b>403,858,723</b>	427,798,430	550,287,559
Employee benefit obligations		<b>18,256,354</b>	18,256,354	16,927,680
Lease liabilities		<b>8,373,072</b>	6,776,329	6,732,810
Zakat and income tax payable	20	<b>22,820,153</b>	22,072,948	20,072,948
Accrued income payable to SAMA		<b>10,210,368</b>	8,954,696	7,738,807
<b>TOTAL LIABILITIES</b>		<b>493,395,886</b>	520,409,507	616,260,300
<b>EQUITY</b>				
Share capital	11	<b>458,949,280</b>	458,949,280	229,474,640
Statutory reserve	21	<b>4,885,691</b>	4,885,691	4,885,691
Accumulated losses		<b>(64,050,837)</b>	(122,726,516)	(101,494,313)
Fair value reserve		<b>75,560,098</b>	75,560,098	70,218,963
Remeasurement reserve of employee benefit obligations		<b>(1,231,873)</b>	(1,231,873)	(168,351)
<b>TOTAL EQUITY</b>		<b>474,112,359</b>	415,436,680	202,916,630
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>967,508,245</b>	935,846,187	819,176,930

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

  
Abdulaziz Ali Al Turki  
Chairman of the Board of Directors

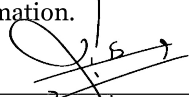
  
Mesheal I. Alshayea  
Chief Executive Officer

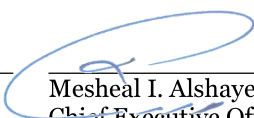
  
Faris Al Habbad  
Chief Financial Officer

**GULF UNION ALAHLIA COOPERATIVE INSURANCE COMPANY**  
(A Saudi Joint Stock Company)  
**INTERIM CONDENSED STATEMENT OF INCOME**  
(All amounts expressed in Saudi Riyals unless otherwise stated)

		Three-month period ended 30 June 2023 (Unaudited)	Three-month period ended 30 June 2022 (Restated - Notes 3 and 4) (Unaudited)	Six-month period ended 30 June 2023 (Unaudited)	Six-month period ended 30 June 2022 (Restated - Notes 3 and 4) (Unaudited)
	Note				
Insurance revenue	12	141,142,808	125,577,696	277,482,149	260,498,447
Insurance service expenses	12	(95,956,776)	(97,613,633)	(218,104,392)	(263,537,146)
Net expense from reinsurance contracts	12	(25,376,333)	(14,981,240)	(21,682,250)	(9,087,066)
<b>Insurance service result</b>		<b>19,809,699</b>	<b>12,982,823</b>	<b>37,695,507</b>	<b>(12,125,765)</b>
Interest income from financial assets not measured at FVTPL		6,004,844	2,907,643	11,355,239	9,302,607
Net gains (losses) on financial assets measured at FVTPL	8	3,499,149	(4,689,477)	2,752,779	(7,026,684)
Net (impairment losses) reversal of impairment losses on financial assets	6,7,8	(9,530)	8,610	(10,872)	5,943
<b>Net investment income (expense)</b>		<b>9,494,463</b>	<b>(1,773,224)</b>	<b>14,097,146</b>	<b>2,281,866</b>
Finance income (expenses) from insurance contracts issued	13	314,992	204,913	(2,225,705)	3,986,104
Finance (expenses) income from reinsurance contracts held	13	(561,908)	(40,804)	175,021	(1,057,320)
<b>Net insurance finance (expense) income</b>		<b>(246,916)</b>	<b>164,109</b>	<b>(2,050,684)</b>	<b>2,928,784</b>
<b>Net insurance and investment result</b>		<b>29,057,246</b>	<b>11,373,708</b>	<b>49,741,969</b>	<b>(6,915,115)</b>
Finance costs on lease liabilities		(42,639)	(54,821)	(137,771)	(120,655)
Other operating expenses	14	(9,976,649)	(13,429,550)	(16,942,265)	(19,635,404)
Other income	15	12,222,724	2,998,743	27,013,746	3,259,365
<b>Total profit (loss) for the period before zakat and income tax</b>		<b>31,260,682</b>	<b>888,080</b>	<b>59,675,679</b>	<b>(23,411,809)</b>
Zakat expense	20	(500,000)	(500,000)	(1,000,000)	(1,000,000)
Income tax	20	-	-	-	-
<b>NET PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO THE SHAREHOLDERS</b>		<b>30,760,682</b>	<b>388,080</b>	<b>58,675,679</b>	<b>(24,411,809)</b>
<b>Earnings (losses) per share (expressed in Saudi Riyals per share)</b>					
Basic earnings (losses) per share	23	0.67	0.01	1.28	(0.79)
Diluted earnings (losses) per share	23	0.67	0.01	1.28	(0.79)

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

  
Abdulaziz Ali Al Turki  
Chairman of the Board of Directors

  
Mesheal I. Alshayea  
Chief Executive Officer

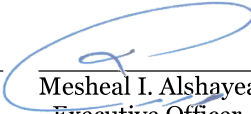
  
Fais Al Habbad  
Chief Financial Officer

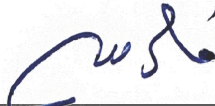
**GULF UNION ALAHLIA COOPERATIVE INSURANCE COMPANY**  
(A Saudi Joint Stock Company)  
**INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME**  
(All amounts expressed in Saudi Riyals unless otherwise stated)

	Three-month period ended 30 June 2023 (Unaudited)	Three-month period ended 30 June 2022 - (Restated - Notes 3 and 4) (Unaudited)	Six-month period ended 30 June 2023 (Unaudited)	Six-month period ended 30 June 2022 - (Restated - Notes 3 and 4) (Unaudited)
<b>NET PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO THE SHAREHOLDERS</b>	<b>30,760,682</b>	388,080	<b>58,675,679</b>	(24,411,809)
Other comprehensive income	-	-	-	-
<b>TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD ATTRIBUTABLE TO THE SHAREHOLDERS</b>	<b>30,760,682</b>	388,080	<b>58,675,679</b>	(24,411,809)

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

  
\_\_\_\_\_  
Abdulaziz Ali Al Turki  
Chairman of the Board of  
Directors

  
\_\_\_\_\_  
Mesheal I. Alshayea  
Chief  
Executive Officer

  
\_\_\_\_\_  
Faris Al Habbad  
Chief Financial Officer

**GULF UNION ALAHLIA COOPERATIVE INSURANCE COMPANY**  
(A Saudi Joint Stock Company)  
**INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY**  
(All amounts expressed in Saudi Riyals unless otherwise stated)

	Note	Share capital	Statutory reserve	Accumulated losses	Fair value reserve	Remeasurement reserve of employee benefit obligations	Total
<b>Balance at 31 December 2022 (Audited)</b>		<b>458,949,280</b>	<b>4,885,691</b>	<b>(111,651,745)</b>	<b>(16,359,076)</b>	<b>(1,231,873)</b>	<b>334,592,277</b>
Adjustment on adoption of IFRS 17	4	-	-	(14,597,661)	-	-	(14,597,661)
Adjustment on adoption of IFRS 9	4	-	-	3,522,890	91,919,174	-	95,442,064
<b>Balance at 1 January 2023 (Restated - Notes 3 and 4) - (Unaudited)</b>		<b>458,949,280</b>	<b>4,885,691</b>	<b>(122,726,516)</b>	<b>75,560,098</b>	<b>(1,231,873)</b>	<b>415,436,680</b>
<b>Total comprehensive income for the period</b>							
Net profit for the period attributable to the shareholders		-	-	58,675,679	-	-	58,675,679
Other comprehensive income		-	-	-	-	-	-
<b>Total comprehensive income for the period attributable to the shareholders</b>		-	-	58,675,679	-	-	58,675,679
<b>Balance at 30 June 2023 (Unaudited)</b>		<b>458,949,280</b>	<b>4,885,691</b>	<b>(64,050,837)</b>	<b>75,560,098</b>	<b>(1,231,873)</b>	<b>474,112,359</b>
<b>Balance at 31 December 2021 (Audited)</b>		229,474,640	4,885,691	(111,242,809)	9,075,951	(168,351)	132,025,122
Adjustment on adoption of IFRS 17	4	-	-	(4,010,075)	-	-	(4,010,075)
Adjustment on adoption of IFRS 9	4	-	-	13,758,571	61,143,012	-	74,901,583
<b>Balance at 1 January 2022 (Restated - Notes 3 and 4) - (Unaudited)</b>		229,474,640	4,885,691	(101,494,313)	70,218,963	(168,351)	202,916,630
<b>Total comprehensive loss for the period (Restated - Note 3 and 4)</b>							
Net loss for the period attributable to the shareholders		-	-	(24,411,809)	-	-	(24,411,809)
Other comprehensive income		-	-	-	-	-	-
<b>Total comprehensive loss for the period attributable to the shareholders</b>		-	-	(24,411,809)	-	-	(24,411,809)
Issuance of share capital		229,474,640	-	(2,932,500)	-	-	226,542,140
<b>Balance at 30 June 2022 (Restated - Notes 3 and 4) - (Unaudited)</b>		<b>458,949,280</b>	<b>4,885,691</b>	<b>(128,838,622)</b>	<b>70,218,963</b>	<b>(168,351)</b>	<b>405,046,961</b>

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

Abdulaziz Ali Al Turki  
Chairman of the Board of Directors

Mesheal I. Alshayea  
Chief Executive Officer

Faris Al Habbad  
Chief Financial Officer

**GULF UNION ALAHLIA COOPERATIVE INSURANCE COMPANY**  
(A Saudi Joint Stock Company)  
**INTERIM CONDENSED STATEMENT OF CASH FLOWS**  
(All amounts expressed in Saudi Riyals unless otherwise stated)

		For six-month period ended 30 June 2023 (Unaudited)	For six-month period ended 30 June 2022 (Restated - Notes 3 and 4) (Unaudited)
	Note		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Total profit (loss) for the period before zakat and income tax		59,675,679	(23,411,809)
<u>Adjustments for non-cash items:</u>			
Depreciation of property and equipment		1,418,524	1,266,990
Amortization of intangible assets		7,193,655	4,102,128
Depreciation of right-of-use assets		1,556,617	924,994
Finance costs on leases		137,771	120,655
Net impairment losses on financial assets		9,817	3,234
Net (gains) losses on financial assets measured at FVTPL		(2,752,779)	8,064,300
Interest income from financial assets not measured at FVTPL		(11,355,239)	(9,302,607)
Provision for employees benefit obligations		571,871	496,488
Gain on remeasurement of lease liabilities		(13,128)	-
<u>Changes in operating assets and liabilities:</u>			
Prepaid expenses and other assets		27,001,161	2,446,503
Accrued and other liabilities		(6,673,534)	9,315,309
Accrued income on statutory deposit	9	(1,255,672)	(192,243)
Accrued income payable to SAMA		1,255,672	192,243
Changes in reinsurance contract assets		18,852,764	17,567,188
Changes in insurance contract liabilities		(23,939,707)	(82,730,274)
<b>Cash generated from (used in) operations</b>		<b>71,111,601</b>	<b>(71,136,901)</b>
Employee benefit obligations paid		(571,871)	-
Zakat and income tax paid	20	(252,795)	-
<b>Net cash generated from (used in) operating activities</b>		<b>70,858,806</b>	<b>(71,136,901)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Placement in term deposits		(40,000,000)	(70,000,000)
Redemption in term deposits		30,092,750	-
Purchases of investments:			
Financial assets at FVTPL	8	-	(17,039,115)
Financial assets at amortised cost	8	-	-
Proceeds from sale of FVTPL		-	36,381,251
Proceeds from sale Of amoritsed cost		-	6,043,676
Interest income received from financial assets not measured at FVTPL		2,517,604	6,611,954
Interest income received from financial assets measured at FVTPL		1,727,889	-
Payments for purchases of property and equipment		(2,509,245)	(78,909)
Additions to intangible assets		(5,993,490)	(3,862,794)
<b>Net cash used in investing activities</b>		<b>(14,164,492)</b>	<b>(41,943,937)</b>

(continued)



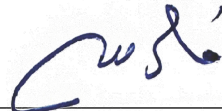
**GULF UNION ALAHLIA COOPERATIVE INSURANCE COMPANY**  
(A Saudi Joint Stock Company)  
**INTERIM CONDENSED STATEMENT OF CASH FLOWS** (continued)  
(All amounts expressed in Saudi Riyals unless otherwise stated)

		<b>For six-month period ended 30 June 2023 (Unaudited)</b>	<b>For six-month period ended 30 June 2022 (Restated - Note 3 and 4) (Unaudited)</b>
	<b>Note</b>		
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Principal elements of lease payments		<b>(1,048,354)</b>	-
Finance cost paid on lease liabilities		<b>(137,771)</b>	-
Issue of share capital, net of expenses		-	226,542,140
<b>Net cash (used in) generated from financing activities</b>		<b>(1,186,125)</b>	226,542,140
<b>Net increase in cash and cash equivalents</b>		<b>55,508,189</b>	113,461,302
Cash and cash equivalents at the beginning of the period	6	<b>100,318,382</b>	114,978,248
<b>Cash and cash equivalents at end of the period</b>	6	<b>155,826,571</b>	228,439,550

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

  
\_\_\_\_\_  
Abdulaziz Ali Al Turki  
Chairman of the Board of  
Directors

  
\_\_\_\_\_  
Mesheal I. Alshavea  
Chief Executive Officer

  
\_\_\_\_\_  
Faris Al Habbad  
Chief Financial Officer

**GULF UNION ALAHLIA COOPERATIVE INSURANCE COMPANY**  
(A Saudi Joint Stock Company)  
**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION**  
**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2023**  
(All amounts expressed in Saudi Riyals unless otherwise stated)

**1. General information - legal status and principal activities**

*(a) General information*

Gulf Union Alahlia Cooperative Insurance Company (the “Company”) is a Saudi joint stock company registered on 13 Sha’aban 1428H (corresponding to 26 August 2007) under Commercial Registration (“CR”) number 2050056228. The Company’s principal place of business is in Dammam, Kingdom of Saudi Arabia.

The purpose of the Company is to transact cooperative insurance operations and all related activities. Its principal lines of business include medical, motor, marine, fire and engineering insurance.

On 2 Jumada II 1424H, (corresponding to 31 July 2003), the Law on the Supervision of Cooperative Insurance Companies (“Insurance Law”) was promulgated by Royal Decree Number (M/32). On 29 Shaban 1428 H, (corresponding to 11 September 2007), the 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.

On 27 Jumada II 1435H, (corresponding to 27 April 2014), the Company received SAMA’s approval of its request to change its license of transacting insurance and reinsurance business to insurance business.

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

<b>Branch type</b>	<b>Location</b>	<b>CR number</b>
Regional branch	Dammam	2050118944
Regional branch	Riyadh	1010247518
Regional branch	Jeddah	4030177933
Regional branch	Riyadh	1010238441
Regional branch	Al Khobar	2051048012
Regional branch	Jeddah	4030224075

*(b) Going concern assessment*

On 8 June 2022, the Company completed its rights issue amounting to Saudi Riyals 229.5 million, gross of expenses of Saudi Riyals 2.9 million. As at 30 June 2023, the accumulated losses of the Company amounted to Saudi Riyals 64.1 million and were 14% of the share capital of the Company as of that date.

Management has formulated and implemented measures since the end of 2021, as approved by the Company’s Board of Directors, which include better pricing strategies for motor policies, diversification of insurance portfolio and improvement in claims management processes, among others. Such measures have resulted in better results in 2023 as compared to the corresponding period in 2022 and the Company has earned total profit for the period attributable to shareholders of Saudi Riyals 58.7 million (30 June 2022: total loss for the period attributable to shareholders of Saudi Riyals 24.4 million). Management expects that this will further reflect positively in the operational results and cash flows for the remainder of 2023 and the years to come provided that the underlying projections of the business and economic conditions continue to be realized.

Management has performed an assessment of its going concern assumption and prepared this interim condensed financial information on a going concern basis. Based on the approved business plan of the Company, management believes that the Company will be able to continue its operations and meet its obligations as they fall due within the next 12 months.

**GULF UNION ALAHLIA COOPERATIVE INSURANCE COMPANY**  
(A Saudi Joint Stock Company)  
**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION**  
**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2023**  
(All amounts expressed in Saudi Riyals unless otherwise stated)

**1. General information - legal status and principal activities (continued)**

*(c) Shareholding percentage*

The shareholding percentage of the Company at 30 June 2023 and 31 December 2022 was as follows:

	<b>30 June 2023</b>	<b>31 December 2022</b>
Shareholding percentage subject to zakat	<b>91.7%</b>	91.7%
Shareholding percentage subject to income tax	<b>8.3%</b>	8.3%
	<b>100%</b>	100%

*(d) Merger agreement*

On 23 Safar 1444H (corresponding to 19 September 2022), the Company signed a non-binding memorandum of understanding ("MoU") with Al Sagr Cooperative Insurance Company ("Al Sagr"), a company incorporated in the Kingdom of Saudi Arabia, to evaluate a potential merger between Al Sagr and the Company. During the six-month period ended 30 June 2023, on 30 Sha'ban 1444H (corresponding to 22 March 2023), the Company signed a merger agreement with Al Sagr, for which approvals from SAMA and Capital Market Authority have been obtained on 29 Dhul Hijjah 1444H (corresponding to 17 July 2023) and 8 Muharram 1444H (corresponding to 26 July 2023), retrospectively. However, the merger is subject to the approval from the shareholders of both Al Sagr and the Company. As per the terms of the merger agreement:

- Al Sagr shall be merged with the Company and all of its rights, obligations, assets and liabilities shall be transferred to the Company by operation of law with effect from the merger effective date;
- The Company will issue 1.15 shares in the Company for every one share in Al Sagr to Al Sagr's shareholders. This will result in issuance of 16,124,317 new ordinary shares by the Company with a par value of Saudi Riyals 10 per share; and
- The Company will issue such new shares by increasing its share capital from Saudi Riyals 458,949,280 to Saudi Riyals 620,192,450.

**2. Basis of preparation**

*a) Statement of Compliance*

The interim condensed financial information of the Company has been prepared in accordance with 'International Accounting Standard 34 - Interim Financial Reporting ("IAS 34") as endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by the Saudi Organisation for Chartered and Professional Accountants ("SOCPA"). This is the first set of the Company's interim condensed financial statements in which IFRS 17 "Insurance Contracts" and IFRS 9 "Financial Instruments" as endorsed in Kingdom of Saudi Arabia have been applied and the resultant changes to the significant judgments, estimates and accounting policies are described in Note 3 and 4.

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

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

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**2. Basis of preparation (continued)**

*a) Statement of Compliance (continued)*

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

*(b) Basis of measurement*

The interim condensed financial information is prepared under the historical cost convention, except for the measurement of financial assets at FVTPL, financial assets at FVOCI and employee benefit obligations.

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

*(c) Basis of presentation*

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

*(d) Functional and presentation currency*

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

*(e) Seasonality of operations*

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

*(f) Changes in products and services*

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

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**3. Significant accounting policies**

**3.1 New standards, amendments and interpretations applied by the Company**

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

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

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

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

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

**3.2 Changes in accounting policies**

**3.2.1 IFRS 17**

IFRS 17 replaces IFRS 4 Insurance Contracts and is effective for annual periods beginning on or after 1 January 2023, with early adoption permitted. IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts, reinsurance contracts and investment contracts with direct participation features ("DPF").

*i. Classification and summary of measurement models*

The Company issues insurance contracts that transfer insurance risk. Insurance contracts are those contracts where the insurer accepts significant insurance risk from the policyholder by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder. Cash flows from insurance contracts are split into Liability for Incurred Claims ("LIC") and Liability for Remaining Coverage ("LRC"). As a general guideline, the Company defines significant insurance risk as the possibility of having to pay benefits on the occurrence of an insured event that are at least 10% more than the benefits payable if the insured event did not occur.

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

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

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

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**3 Significant accounting policies** (continued)

**3.2 Changes in accounting policies** (continued)

**3.2.1 IFRS 17** (continued)

*ii. Level of aggregation*

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

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

The portfolios are further divided by year of issue.

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

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

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

*iii. Recognition*

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

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

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**3 Significant accounting policies** (continued)

**3.2 Changes in accounting policies** (continued)

**3.2.1 IFRS 17** (continued)

*iii. Recognition* (continued)

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

- For reinsurance contracts that provide proportionate coverage, at the later of:
  - (i) the beginning of the coverage period of the group of reinsurance contracts and
  - (ii) the initial recognition of any underlying contract.
- All other groups of reinsurance contracts held are recognised from the beginning of the coverage period of the group of reinsurance contracts;

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

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

*iv. Contract boundaries*

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

A substantive obligation to provide services ends when:

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

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

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**3 Significant accounting policies** (continued)

**3.2 Changes in accounting policies** (continued)

**3.2.1 IFRS 17** (continued)

*v. Measurement*

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

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

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

- Insurance contracts:

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

- Reinsurance contracts:

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

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

Measurement on initial recognition under PAA:

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

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



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**3 Significant accounting policies** (continued)

**3.2 Changes in accounting policies** (continued)

**3.2.1 IFRS 17** (continued)

*v. Measurement* (continued)

Subsequent measurement under PAA:

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

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

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

- a. the remaining coverage; and
- b. the incurred claims, comprising the FCF related to past service allocated to the group at the reporting date

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

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

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

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

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

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

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

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**3 Significant accounting policies** (continued)

**3.2 Changes in accounting policies** (continued)

**3.2.1 IFRS 17** (continued)

*v. Measurement* (continued)

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

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

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

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

**Onerous contract assessment:**

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

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

The Company had identified onerous contracts on initial recognition from the motor and medical product lines on the basis of combined ratios of the past years.

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

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**3 Significant accounting policies (continued)**

**3.2 Changes in accounting policies (continued)**

**3.2.1 IFRS 17 (continued)**

*v. Measurement (continued)*

Non-performance risk (NPR) adjustment:

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

*vi. De-recognition and contract modification*

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

*vii. Acquisition & Attributable Cost*

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

*viii. Risk adjustments for non-financial risk*

The Company has decided to adopt the Value at risk method on incurred claims for the estimation of risk adjustment. The Company has chosen a confidence level based on the 80th percentile of the distribution of the claim reserves, considering this level is adequate to cover sources of uncertainty about the amount and timing of the cash flows. While for premium risk, Solvency II approach is used to derive the risk with the same percentile as the claim reserves.

*ix. Presentation*

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

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

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**3 Significant accounting policies** (continued)

**3.2 Changes in accounting policies** (continued)

**3.2.1 IFRS 17** (continued)

*ix. Presentation* (continued)

Insurance revenue

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

The Company has developed impairment calculations based on provision matrix approach. LRC adjustment is recorded with corresponding impact recorded in Insurance Revenue.

Insurance service expenses

Insurance service expenses include the following:

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

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

*Net expenses from reinsurance contracts:*

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

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

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

*Insurance finance income and expenses:*

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

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

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**3 Significant accounting policies** (continued)

**3.2 Changes in accounting policies** (continued)

**3.2.1 IFRS 17** (continued)

x. *Changes to classification, recognition and measurement*

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

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

xi. *Changes to presentation and disclosure*

**Statement of financial position**

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

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

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**3 Significant accounting policies** (continued)

**3.2 Changes in accounting policies** (continued)

**3.2.1 IFRS 17** (continued)

*xi. Changes to presentation and disclosure* (continued)

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

**Statements of income**

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

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

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

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

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

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

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

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**3 Significant accounting policies** (continued)

**3.2 Changes in accounting policies** (continued)

**3.2.2 IFRS 9**

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

**3.2.2.1 Financial assets and liabilities**

*i. Initial recognition*

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

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

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

**Amortised cost and effective interest rate**

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

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

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

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**3 Significant accounting policies** (continued)

**3.2 Changes in accounting policies** (continued)

**3.2.2 IFRS 9** (continued)

**3.2.2.1 Financial assets and liabilities** (continued)

*ii. Classification and subsequent measurement of financial assets*

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

- Fair value through profit or loss (FVTPL);
- Fair value through other comprehensive income (FVOCI)
- Held at amortised cost.

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

**Debt instruments**

Classification and subsequent measurement of debt instruments depend on:

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

*Business model:*

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

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

*Solely payments of principal and profit:*

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



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**3 Significant accounting policies** (continued)

**3.2 Changes in accounting policies** (continued)

**3.2.2 IFRS 9** (continued)

**3.2.2.1 Financial assets and liabilities** (continued)

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

**Debt instruments** (continued)

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

**Amortised cost:**

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

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

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

**Fair value through profit or loss (FVTPL):**

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL presented in profit or loss in the period in which it arises. Currently investment in mutual funds and Sukuk which failed SPPI assessment are classified as FVTPL.

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

The Company determined that the business model for one of the portfolios of debt instruments, which is separately managed from the rest of the investments, should be hold to collect. This portfolio is expected to be held to maturity of the bonds and to collect the cash flows and there were no sales in either 2022 and 2021 in these portfolios and there are not expected to be any sales which would result in the business model not being considered hold to collect. The portfolio's fair values are not monitored nor are there expectation to manage the yield of these instruments. Furthermore, these investments are not part of the assets used for liquidity purposes of the insurance contracts.

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**3 Significant accounting policies** (continued)

**3.2 Changes in accounting policies** (continued)

**3.2.2 IFRS 9** (continued)

**3.2.2.1 Financial assets and liabilities** (continued)

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

**Equity instruments:**

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

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

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

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

*iii. Impairment of financial assets*

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

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

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

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**3 Significant accounting policies** (continued)

**3.2 Changes in accounting policies** (continued)

**3.2.2 IFRS 9** (continued)

**3.2.2.1 Financial assets and liabilities** (continued)

*iii. Impairment of financial assets* (continued)

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

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

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

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

The Company, when determining whether the credit risk on a financial asset has increased significantly, considers reasonable and supportable information available (e.g. days past due, customer credit scoring etc.), in order to compare the risk of a default occurring at the reporting date with the risk of a default occurring at initial recognition of the financial asset.

Financial assets are written-off only when there is no reasonable expectation of recovery.

Where financial assets are written-off, the Company continues to engage enforcement activities to attempt to recover the receivable due. Recoveries made, after write-off, are recognized in profit or loss.

Impairment losses on financial assets are presented separately on the statement of income.

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**3 Significant accounting policies** (continued)

**3.2 Changes in accounting policies** (continued)

**3.2.2 IFRS 9** (continued)

**3.2.2.1 Financial assets and liabilities** (continued)

*iv. Derecognition of financial assets*

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

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

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

*v. Classification and subsequent measurement of financial liabilities*

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

*vi. Derecognition of financial liabilities*

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

**3.2.2.2 Changes to classification and measurement**

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

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

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

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**3 Significant accounting policies** (continued)

**3.2 Changes in accounting policies** (continued)

**3.2.2 IFRS 9** (continued)

**3.2.2.2 Changes to classification and measurement** (continued)

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

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

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

**3.2.2.3 Changes to the impairment calculation**

Under IFRS 9, the Expected credit loss ("ECL") allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss); unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss.

Lifetime expected credit losses represent ECL that would result from all possible default events over the expected life of the financial asset whereas 12 month expected credit losses are those life expected credit losses expected to occur within 12 months of statement of financial position date. Both lifetime ECLs and 12-month ECLs will be calculated on an individual basis depending on the nature of the underlying portfolio of financial instruments.

ECL is computed based on the parameters namely Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD) values. ECL is discounted to present value.

Probability of Default ('PD'): The probability of default is an estimate of the likelihood of default over a given time horizon.

Loss Given Default ('LGD'): Loss given default inputs are determined by class of financial instrument based on historical experience of loss and recovery rates for similar financial instruments and other relevant industry data.

Exposure at Default ('EAD'): The exposure at default is an estimate of the exposure at a future default date.

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

IFRS 9 impairment applies to financial instruments that are not measured at fair value through profit or loss (FVTPL). Equity instruments measured at FVOCI are also excluded from the purview of impairment.

Financial assets that are subject to impairment consist of investment portfolio (debt instruments) and cash and cash equivalents.

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**3 Significant accounting policies** (continued)

**3.3 Critical accounting judgments, estimates and assumptions**

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

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

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

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

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

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

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

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

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**3 Significant accounting policies** (continued)

**3.3 Critical accounting judgments, estimates and assumptions** (continued)

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

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

*(ii) Discounting methodology*

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

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

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

*(iii) Risk adjustments for non-financial risks*

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

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

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

There is no prescribed approach for determining the risk adjustment for non-financial risk for each group of insurance contracts. Applying a confidence level technique, the Company estimated the probability distribution of the expected present value of the future cash flows from insurance contracts at each reporting date and calculated the risk adjustment for non-financial risk as the excess of the value at risk between the 70<sup>th</sup> and 80<sup>th</sup> percentile (the target confidence level) over the expected present value of the future cash flows.

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**3 Significant accounting policies** (continued)

**3.3 Critical accounting judgments, estimates and assumptions** (continued)

*(iv) Onerosity determination*

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

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

*(v) Estimates for expected premium receipts*

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

*(vi) Fair value of financial instruments*

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

*(vii) Impairment of goodwill*

The Company’s management tests, at each reporting date, whether goodwill arising on merger has suffered any impairment. This requires an estimation of the recoverable amount of the cash generating unit (“CGU”) to which goodwill has been allocated. The key assumptions used in determining the recoverable amounts are set out in Note 5.



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**4. Impact of adoption of new accounting standards**

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

**4.1 IFRS 17**

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

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

The impact on total equity, total assets and total liabilities as at 1 January 2023 and 1 January 2022, arising from actuarial risk adjustment, discounting, loss component adjustment and estimates for expected premium receipts, is as follows. The overall decrease in net equity is principally on account of change in methodology for computing loss component adjustment and expected premium receipts under IFRS 17 requirements as compared to premium deficiency reserve under IFRS 4 and allowance for doubtful debts under IAS 39. Also see Note 3.2.1(x) for details regarding the methodology and assumptions used to determine such adjustments.

	Note	1 January 2023	1 January 2022
<b>(Reduction) increase in the Company's accumulated losses and total equity</b>			
Change in measurement of reinsurance contract assets	4.1.1	1,501,375	5,550,509
Change in measurement of insurance contract liabilities	4.1.2	(12,088,961)	(9,560,584)
<b>Impact of adoption of IFRS 17 on accumulated losses and total equity</b>		<b>(10,587,586)</b>	<b>(4,010,075)</b>
<b>Impact on accumulated losses and total equity as of 1 January 2022</b>		<b>(4,010,075)</b>	-
<b>Total impact on accumulated losses and total equity as of 1 January 2023 and 2022</b>		<b>(14,597,661)</b>	<b>(4,010,075)</b>
<b>4.1.1</b>			
<b>Increase (reduction) in the Company's total assets</b>			
Reinsurance share of loss component		2,015,426	1,708,878
Reinsurance share of risk adjustment		183,698	2,538,666
Reinsurance share of discounting		(2,161,015)	(264,622)
Estimates for expected recoveries from reinsurer		1,463,266	1,567,587
<b>Impact of adoption of IFRS 17 on total assets</b>		<b>1,501,375</b>	<b>5,550,509</b>
<b>4.1.2</b>			
<b>(Increase) reduction in the Company's total liabilities</b>			
Loss components, net of premium deficiency reserve		(6,676,717)	891,981
Risk adjustment		504,301	(9,376,908)
Discounting		7,853,583	1,752,785
Change in surplus distribution		306,389	-
Estimates for expected premium receipts		(14,076,517)	(2,828,442)
<b>Impact of adoption of IFRS 17 on total liabilities</b>		<b>(12,088,961)</b>	<b>(9,560,584)</b>

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

**4.1 IFRS 17 (continued)**

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

	<b>For the three-month period ended 30 June 2022</b>	<b>For the six- month period ended 30 June 2022</b>
<b>(Increase) reduction in the Company's net loss</b>		
Loss component	<b>13,774,909</b>	<b>(2,438,070)</b>
Risk adjustment	<b>1,643,328</b>	<b>235,172</b>
Discounting	<b>(40,841)</b>	<b>3,986,104</b>
Reinsurers' share of loss component	<b>(3,537,258)</b>	<b>759,562</b>
Reinsurers' share of risk adjustment	<b>(1,726,320)</b>	<b>(28,408)</b>
Reinsurers' share of discounting	<b>204,914</b>	<b>(1,057,320)</b>
Estimates for expected premium receipts	<b>(5,517,592)</b>	<b>(625,000)</b>
Estimates for expected recoveries from reinsurer	<b>(139,284)</b>	<b>1,355,616</b>
Other	<b>58,595</b>	<b>39,588</b>
<b>Impact of adoption of IFRS 17 on net loss</b>	<b>4,720,451</b>	<b>2,227,244</b>

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

**4.2 IFRS 9**

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

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

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

	<b>Original classification under IAS 39</b>	<b>New classification under IFRS 9</b>	<b>Original carrying value under IAS 39 As at 1 January 2023</b>	<b>New carrying value under IFRS 9 As at 1 January 2023</b>	<b>Impact of ECL and change in classification</b>
<b>Financial assets</b>					
Cash and cash equivalents	Amortised cost	Amortised cost	<b>100,322,227</b>	<b>100,318,382</b>	<b>(3,845)</b>
Investments					
- Mutual funds	Available for sale at fair value ("AFS")	FVTPL	<b>76,746,369</b>	<b>76,746,369</b>	-
- Ordinary shares	AFS	FVTPL	<b>28,318,492</b>	<b>28,318,492</b>	-
- Ordinary shares	AFS	FVOCI	<b>3,846,156</b>	<b>79,406,254</b>	<b>75,560,098*</b>
- Sukuk	AFS	Amortised cost	<b>129,103,046</b>	<b>149,000,061</b>	<b>19,897,015**</b>
- Sukuk	AFS	FVTPL	<b>21,864,715</b>	<b>21,864,715</b>	-
- Sukuk	Held to maturity at amortised cost	Amortised cost	<b>7,000,000</b>	<b>6,998,075</b>	<b>(1,925)</b>
Long term deposit	Amortised cost	Amortised cost	<b>90,000,000</b>	<b>89,993,374</b>	<b>(6,626)</b>
Statutory deposit	Amortised cost	Amortised cost	<b>68,842,392</b>	<b>68,830,314</b>	<b>(12,078)</b>
Other receivables	Loans and receivables	Amortised cost	<b>8,836,804</b>	<b>8,836,804</b>	-
			<b>534,880,201</b>	<b>630,312,840</b>	<b>95,432,639</b>
	<b>Original classification under IAS 39</b>	<b>New classification under IFRS 9</b>	<b>Original carrying value under IAS 39 As at 1 January 2022</b>	<b>New carrying value under IFRS 9 As at 1 January 2022</b>	<b>Impact of ECL and change in classification</b>
<b>Financial assets</b>					
Cash and cash equivalents	Amortised cost	Amortised cost	114,982,093	114,981,337	(756)
Investments					
- Mutual funds	Available for sale at fair value ("AFS")	FVTPL	69,766,242	69,766,242	-
- Ordinary shares	AFS	FVTPL	396,941	396,941	-
- Ordinary shares	AFS	FVOCI	3,846,156	74,065,119	70,218,963*
- Sukuks	AFS	Amortised cost	144,555,643	149,257,630	4,701,987**
- Sukuks	AFS	FVTPL	45,741,214	45,741,214	-
- Sukuks	Held to maturity at amortised cost	Amortised cost	12,002,013	12,001,711	(302)
- Sukuks	Held to maturity at amortised cost	FVTPL	1,458,423	1,458,423	-
Long-term deposit	Amortised cost	Amortised cost	40,032,877	40,023,173	(9,704)
Statutory deposit	Amortised cost	Amortised cost	34,421,196	34,412,591	(8,605)
Other receivables	Loans and receivables	Amortised cost	5,610,159	5,610,159	-
			<b>472,812,957</b>	<b>547,714,540</b>	<b>74,901,583</b>

\* Includes impact of revaluation of investments in Najm. Refer Note 8 for further details in this regard.

\*\* Includes impact of reclassification of sukuks from AFS to amortised cost. Refer Note 4.2 for further details in this regard.

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

**4.2 IFRS 9 (continued)**

Most of the financial assets that were classified as loan and receivables and held to maturity under IAS 39 continues to be measured at amortised costs under IFRS 9 since these form part of business model hold to collect contractual cash flows which are SPPI.

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

	<b>Impact on opening accumulated losses</b>	<b>Impact on opening fair value reserve</b>
Adjustment to opening fair value reserve under IFRS 9		
- Reclassification of investments from AFS to FVTPL - Mutual funds	<b>3,459,307</b>	<b>(3,459,307)</b>
- Reclassification of investments from AFS to amortised cost – Sukuks	-	<b>19,818,383</b>
- Revaluation of najm investments (Refer Note 8)	-	<b>75,560,098</b>
	<b>3,459,307</b>	<b>91,919,174</b>
Accrued interest on sukukuks measured at amortised cost	<b>88,057</b>	-
Net ECL allowance on financial assets	<b>(24,474)</b>	-
Impact of initial application of IFRS 9 as at 1 January 2023	<b>3,522,890</b>	<b>91,919,174</b>
	<b>Impact on opening accumulated losses</b>	<b>Impact on opening fair value reserve</b>
Adjustment to opening fair value reserve under IFRS 9		
- Reclassification of investments from AFS to FVTPL - Mutual funds	13,451,162	(13,451,162)
- Reclassification of investments from AFS to amortised cost – Sukukuks	-	4,375,211
- Revaluation of najm investments (Refer Note 8)	-	70,218,963
	13,451,162	61,143,012
Accrued interest on sukukuks measured at amortised cost	329,216	-
Net ECL allowance on financial assets	(21,807)	-
Impact of initial application of IFRS 9 as at 1 January 2022	13,758,571	61,143,012

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

**4.2 IFRS 9 (continued)**

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

**For the three-month period ended 30 June 2022:**

	<b>Impact on net loss</b>	<b>Impact on other comprehensive income</b>
Adjustment to other comprehensive income under IFRS 9		
- Reclassification of investments from AFS to FVTPL - Mutual funds	(6,289,477)	6,289,477
- Reclassification of investments from AFS to amortised cost – Sukuks	-	6,569,413
	(6,289,477)	12,858,890
Accrued interest on sukukuks measured at amortised cost	734,025	-
Net ECL allowance on financial assets	8,610	-
Impact of initial application of IFRS 9 for the three-month period 30 June 2022	(5,546,842)	12,858,890

**For the six-month period ended 30 June 2022:**

	<b>Impact on net loss</b>	<b>Impact on other comprehensive income</b>
Adjustment to other comprehensive income under IFRS 9		
- Reclassification of investments from AFS to FVTPL - Mutual funds	(8,626,685)	8,626,685
- Reclassification of investments from AFS to amortised cost – Sukuks	-	8,796,840
	(8,626,685)	17,423,525
Accrued interest on sukukuks measured at amortised cost	1,654,205	-
Net ECL allowance on financial assets	5,943	-
Impact of initial application of IFRS 9 for the six-month period 30 June 2022	(6,966,537)	17,423,525

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

**4.3 Overall impact on transition to IFRS 17 and IFRS 9**

	<b>Impact on opening accumulated losses</b>	<b>Impact on opening fair value reserve</b>
<b>Increase (decrease) on transition to:</b>		
- IFRS 17 (see note 4.1)	(14,597,661)	-
- IFRS 9 (see note 4.2)	3,522,890	91,919,174
<b>Impact of adoption of IFRS 17 and IFRS 9 as at 1 January 2023</b>	(11,074,771)	91,919,174

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

**4.3 Overall impact on transition to IFRS 17 and IFRS 9 (continued)**

	<b>Impact on opening accumulated losses</b>	<b>Impact on opening fair value reserve</b>
<b>Increase (decrease) on transition to:</b>		
- IFRS 17 (see note 4.1)	(4,010,075)	-
- IFRS 9 (see note 4.2)	13,758,571	61,143,012
<b>Impact of adoption of IFRS 17 and IFRS 9 as at 1 January 2022</b>	<b>9,748,496</b>	<b>61,143,012</b>

**For the three-month period ended 30 June 2022:**

	<b>Impact on net profit</b>	<b>Impact on other comprehensive income</b>
<b>Increase (decrease) on transition to:</b>		
- IFRS 17 (see note 4.1)	4,720,451	-
- IFRS 9 (see note 4.2)	(5,546,842)	5,716,255
<b>Impact of adoption of IFRS 17 and IFRS 9 for the three-month period 30 June 2022</b>	<b>(826,391)</b>	<b>5,716,255</b>

**For the six-month period ended 30 June 2022:**

	<b>Impact on net loss</b>	<b>Impact on other comprehensive income</b>
<b>Increase (decrease) on transition to:</b>		
- IFRS 17 (see note 4.1)	2,227,244	-
- IFRS 9 (see note 4.2)	(6,966,537)	17,423,525
<b>Impact of adoption of IFRS 17 and IFRS 9 for the six-month period 30 June 2022</b>	<b>(4,739,293)</b>	<b>17,423,525</b>

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**5. Goodwill**

The goodwill arising from the merger is attributable to the expected synergies from combining the operations of the Gulf Union and Al Ahlia and cannot be assigned to any other determinable and separate provisional intangible asset. Goodwill is allocated to the Company as a single CGU, being the combined operations of the Company and Al Ahlia. Management's judgment to allocate goodwill to the Company considered the broader reason for which acquisition was made, i.e. synergies from combining the operations. The Company tests the goodwill for impairment at each reporting date. For the impairment testing, management determines the recoverable amount of the CGU based on value-in-use calculations. These calculations require the use of estimates in relation to the future cash flows, based on the most recent five years' approved business plan, and use of an appropriate discount rate applicable to the circumstances of the Company. Cash flows beyond the five-years period are extrapolated using the estimated growth rate stated below. This growth rate is consistent with the forecasts included in industry reports specific to the industry in which the CGU operates. The calculation of value in use is most sensitive to the assumptions of insurance revenue growth (31 December 2022: Gross written premium), insurance service expenses (31 December 2022: Average claims ratio) and discount rate. The key assumptions have changed from the annual financial statements for the year ended 31 December 2022, to align with the principles of IFRS 17. Since insurance service expenses consider both claims and directly attributable expenses the average claim ratio is not considered separately. Key assumptions underlying the projections are:

<b>Key assumptions</b>	<b>%</b>
Insurance revenue growth	<b>5.4</b>
Insurance service expenses	<b>6.9</b>
Discount rate	<b>11.3</b>
Terminal value growth rate	<b>2</b>

<b>Key assumptions - 31 December 2022</b>	<b>%</b>
Gross premium written growth	5.2
Average claims ratio	85
Discount rate	10.5
Terminal value growth rate	2

**Sensitivity to the changes in assumptions**

The estimated recoverable amount of the CGU exceeded its carrying value by approximately Saudi Riyals 87.7 million. Management has identified that a reasonably possible change in the below given key assumptions could cause the carrying amount to exceed the recoverable amount.

**Insurance revenue growth**

The insurance revenue growth in the forecast period has been estimated to be a compound annual growth rate of 5.4 %. If all other assumptions kept the same, a reduction of this growth rate from 5.4 % to 3 % would give a value in use equal to the current carrying amount.

**Insurance service expenses**

The insurance service expenses in the forecast period has been estimated to be 6.9%. If all other assumptions kept the same, a decrease of this result from 6.9 % to 5.4 % would give a value in use equal to the current carrying amount.

**Discount rate**

The discount rate used to calculate the present value of future cashflows in the forecast period has been estimated to be 11.3%. If all other assumptions kept the same, an increase of this ratio from 11.3% to approximately 13.1% would give a value in use equal to the current carrying amount.

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**5. Goodwill (continued)**

With regard to the assessment of the value in use, management believes that no reasonably possible change in any of the other key assumptions above would cause the carrying value of CGU including goodwill to materially exceed its recoverable amount.

**6. Cash and cash equivalents**

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

	<b>Insurance operations</b>		<b>Shareholders' operations</b>		<b>Total</b>	
	<b>30 June</b>	<b>31 December</b>	<b>30 June</b>	<b>31 December</b>	<b>30 June</b>	<b>31 December</b>
	<b>2023</b>	<b>2022 -</b>	<b>2023</b>	<b>2022 -</b>	<b>2023</b>	<b>2022 -</b>
	<b>(Unaudited)</b>	<b>Restated</b>	<b>(Unaudited)</b>	<b>Restated</b>	<b>(Unaudited)</b>	<b>Restated</b>
Cash at bank - current accounts	<b>52,292,356</b>	28,585,816	<b>31,588,830</b>	31,736,411	<b>83,881,186</b>	60,322,227
Time deposits	-	-	<b>71,950,191</b>	40,000,000	<b>71,950,191</b>	40,000,000
	<b>52,292,356</b>	28,585,816	<b>103,539,021</b>	71,736,411	<b>155,831,377</b>	100,322,227
ECL allowance	-	-	<b>(4,806)</b>	(3,845)	<b>(4,806)</b>	(3,845)
	<b>52,292,356</b>	28,585,816	<b>103,534,215</b>	71,732,566	<b>155,826,571</b>	100,318,382

Cash at banks is placed with counterparties with sound credit ratings. As at 30 June 2023, deposits were placed with local banks with original maturities of less than three months from the date of placement and earned commission income at an average rate of 5.35% (31 December 2022: 3% to 6%) per annum.

The gross carrying amount of cash and cash equivalents represents the Company's maximum exposure to credit risk on these financial assets which are categorised under investment grade and Stage 1. Investment grade includes those financial assets having credit exposure equivalent to Standard and Poor's rating of AAA to BBB. The Company's exposures to credit risk are not collateralized.

Movement in allowance for expected credit losses on cash and cash equivalents is as follows:

	<b>30 June</b>	<b>31 December</b>
	<b>2023</b>	<b>2022 -</b>
	<b>(Unaudited)</b>	<b>Restated</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Opening balance	<b>3,845</b>	-
Adjustment to opening accumulated losses under IFRS 9	-	756
Opening loss allowance as at 1 January - under IFRS 9	<b>3,845</b>	756
ECL allowance recognised in profit or loss during the period / year	<b>961</b>	3,089
Closing balance	<b>4,806</b>	3,845



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**7. Term deposits**

Long-term deposits, amounting to Saudi Riyals 90 million (31 December 2022: Saudi Riyals 90 million), represents deposit with maturity of more than one year from the date of placement and is placed with the financial institution carrying commission income at the rate of 6% and 6.5% per annum and will mature by September 2024 and August 2025, respectively.

The gross carrying amount of long-term deposits represents the Company's maximum exposure to credit risk on these financial assets which are categorised under investment grade and Stage 1. Investment grade includes those financial assets having credit exposure equivalent to Standard and Poor's rating of AAA to BBB. The Company's exposures to credit risk are not collateralized.

Movement in allowance for expected credit losses on long-term deposits is as follows:

	<b>30 June 2023 (Unaudited)</b>	<b>31 December 2022 – Restated (Unaudited)</b>
Opening balance	<b>6,626</b>	-
Adjustment to opening accumulated losses under IFRS 9	-	9,704
Opening loss allowance as at 1 January - under IFRS 9	<b>6,626</b>	9,704
ECL allowance recognised in profit or loss during the period / year	-	(3,078)
Closing balance	<b>6,626</b>	6,626

Short-term deposits, amounting to Saudi Riyals 80 million (31 December 2022: Saudi Riyals 70.1 million), are placed with local banks and financial institutions with an original maturity of more than three months but less than or equal to twelve months from the date of placement. These deposits earned commission income at a rate of 5.65% to 5.75% per annum for the period ended 30 June 2023.

The gross carrying amount of short-term deposits represents the Company's maximum exposure to credit risk on these financial assets which are categorised under investment grade and Stage 1. Investment grade includes those financial assets having credit exposure equivalent to Standard and Poor's rating of AAA to BBB. The Company's exposures to credit risk are not collateralized.

Movement in allowance for expected credit losses on short-term deposits is as follows:

	<b>30 June 2023 (Unaudited)</b>	<b>31 December 2022 - Restated (Unaudited)</b>
Opening balance	-	-
Adjustment to opening accumulated losses under IFRS 9	-	-
Opening loss allowance as at 1 January - under IFRS 9	-	-
ECL allowance recognised in profit or loss during the period	<b>10,679</b>	-
Closing balance	<b>10,679</b>	-

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**8. Investments**

(a) *Investments are classified as follows:*

	Insurance operations		Shareholders' operations		Total	
	30 June	31 December	30 June	31 December	30 June	31 December
	2023	2022 -	2023	2022 -	2023	2022 -
	(Unaudited)	Restated	(Unaudited)	Restated	(Unaudited)	Restated
<b>Financial assets at FVTPL</b>						
Mutual Funds	25,251,371	26,371,359	51,584,079	50,375,010	76,835,450	76,746,369
Ordinary shares	-	-	30,905,738	28,318,492	30,905,738	28,318,492
Sukuks	4,625,164	4,618,840	17,316,000	17,245,872	21,941,164	21,864,712
	<b>29,876,535</b>	<b>30,990,199</b>	<b>99,805,817</b>	<b>95,939,374</b>	<b>129,682,352</b>	<b>126,929,573</b>
<b>Financial assets at FVOCI</b>						
Ordinary shares	-	-	79,406,254	79,406,254	79,406,254	79,406,254
<b>Financial assets at amortised cost</b>						
Sukuks	103,013,671	102,984,447	53,083,317	53,015,617	156,096,988	156,000,064
Net ECL allowance	(402)	(246)	(1,617)	(1,679)	(2,019)	(1,925)
	<b>103,013,269</b>	<b>102,984,201</b>	<b>53,081,700</b>	<b>53,013,938</b>	<b>156,094,969</b>	<b>155,998,139</b>
	<b>132,889,804</b>	<b>133,974,400</b>	<b>232,293,771</b>	<b>228,359,566</b>	<b>365,183,575</b>	<b>362,333,966</b>

Investments in Sukuks are classified as investments measured at amortised cost, except for certain Sukuks amounting to Saudi Riyals 21.9 million which failed SPPI assessment on account of interest payment not constituting time value of money and so, were classified as FVTPL. The Company's business model for Sukuk classified as amortised cost is to hold to collect the contractual cash flows.

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

The Company has classified its investments in ordinary shares at FVTPL, except for Najm investments which are being held at FVOCI. The Company holds an investment in the equity of Najm for Insurance Services (Najm) and in accordance with Company's accounting policy under Note 3.2, investments in equity instruments should be measured at fair value. During the six-month period ended 30 June 2023, the Company has determined the fair value of its investment in Najm, which was previously carried at initial cost of Saudi Riyals 3.9 million until 31 December 2022, to be Saudi Riyals 74.1 million as at 31 December 2021 and Saudi Riyals 79.4 million as at 31 December 2022. Accordingly, the required adjustments to bring the carrying value of such investment to its fair value have been recorded in the opening equity as of 1 January 2022 and 31 December 2022.

The gross carrying amount of financial assets measured at amortised cost represents the Company's maximum exposure to credit risk on these financial assets which are categorised under investment grade and Stage 1. Investment grade includes those financial assets having credit exposure equivalent to Standard and Poor's rating of AAA to BBB. The Company's exposures to credit risk are not collateralized.

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**8. Investment (continued)**

(b) *Movement in investments carried at fair value is as follows:*

	<b>30 June 2023 (Unaudited)</b>	<b>31 December 2022 - Restated (Unaudited)</b>
Balance at beginning of the period / year	<b>206,335,827</b>	191,427,937
Additions during the period / year	-	56,111,939
Withdrawal during the period / year	-	(36,704,320)
Changes in fair value of investments	<b>2,752,779</b>	(4,499,729)
Balance at end of the period / year	<b>209,088,606</b>	206,335,827

(c) *Movement in investments carried at amortised cost is as follows:*

	<b>30 June 2023 (Unaudited)</b>	<b>31 December 2022 - Restated (Unaudited)</b>
Balance at beginning of the period / year	<b>140,604,661</b>	136,093,624
Adjustment to opening retained earnings under IFRS 9 (Note 4.2) - Reversal of fair value reserve	<b>15,307,830</b>	19,818,383
Adjustment to opening retained earnings under IFRS 9 (Note 4.2) - Interest accreted	<b>87,573</b>	88,057
Opening balance as at 1 January - under IFRS 9	<b>156,000,064</b>	156,000,064
Additions during the period / year	<b>96,924</b>	-
	<b>156,096,988</b>	156,000,064
Expected credit loss allowance	<b>(2,019)</b>	(1,925)
	<b>156,094,969</b>	155,998,139

(d) *Movement in allowance for expected credit losses on financial assets held at amortised cost is as follows:*

	<b>30 June 2023 (Unaudited)</b>	<b>31 December 2022 - Restated (Unaudited)</b>
Opening balance	<b>1,925</b>	-
Adjustment to opening accumulated losses under IFRS 9	-	2,742
Opening loss allowance as at 1 January - under IFRS 9	<b>1,925</b>	2,742
Allowance for (reversal of ECL allowance) recognised in profit or loss during the period / year	<b>94</b>	(817)
Closing balance	<b>2,019</b>	1,925

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**9. Statutory deposit**

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

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

The gross carrying amount of statutory deposit represents the Company's maximum exposure to credit risk on these financial assets which are categorised under investment grade and Stage 1. Investment grade includes those financial assets having credit exposure equivalent to Standard and Poor's rating of AAA to BBB. The Company's exposures to credit risk are not collateralized.

*Movement in allowance for expected credit losses on statutory deposits is as follows:*

	<b>30 June 2023 (Unaudited)</b>	<b>31 December 2022 - Restated (Unaudited)</b>
Opening balance	<b>12,078</b>	-
Adjustment to opening accumulated losses under IFRS 9	-	8,605
Opening loss allowance as at 1 January - under IFRS 9	<b>12,078</b>	8,605
ECL allowance recognised in profit or loss during the period / year	<b>1,345</b>	3,473
Closing balance	<b>13,423</b>	12,078

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**10. Insurance and reinsurance contracts**

**10.1 Composition of the statement of financial position**

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

<b>30 June 2023 (Unaudited)</b>	<b>Medical</b>	<b>Motor</b>	<b>Liability</b>	<b>Engineering</b>	<b>Property</b>	<b>General Accident</b>	<b>Marine</b>	<b>Protection</b>	<b>Total</b>
<b>Insurance Contracts</b>									
Insurance contract assets	-	-	-	-	-	-	-	-	-
Insurance contract liabilities	161,098,663	156,825,567	41,850,421	14,026,285	9,128,813	4,143,811	15,212,249	1,572,914	403,858,723
									<u>403,858,723</u>
<b>Reinsurance contracts</b>									
Reinsurance contract assets	4,460,476	21,924,000	1,615,245	6,522,994	5,095,647	4,115,748	11,912,930	227,218	55,874,258
Reinsurance contract liabilities	-	-	-	-	-	-	-	-	-
									<u>55,874,258</u>
<b>31 December 2022 - Restated (Unaudited)</b>	<b>Medical</b>	<b>Motor</b>	<b>Liability</b>	<b>Engineering</b>	<b>Property</b>	<b>General Accident</b>	<b>Marine</b>	<b>Protection</b>	<b>Total</b>
<b>Insurance Contracts</b>									
Insurance contract assets	-	-	-	-	-	-	-	-	-
Insurance contract liabilities	179,947,029	174,453,289	26,674,487	9,621,096	9,637,118	4,603,582	20,624,658	2,237,171	427,798,430
									<u>427,798,430</u>
<b>Reinsurance contracts</b>									
Reinsurance contract assets	4,828,756	34,888,803	2,370,797	7,836,040	6,370,238	1,899,505	14,981,762	1,551,121	74,727,022
Reinsurance contract liabilities	-	-	-	-	-	-	-	-	-
									<u>74,727,022</u>

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**10 Insurance and reinsurance contracts (continued)**

**10.2 Analysis by remaining coverage and incurred claims**

**10.2.1 Insurance contracts**

	As at 30 June 2023 (unaudited)				
	Liability for remaining coverage		Liability for incurred claims		Total
	Excluding loss component	Loss component	Estimates of present value of FCF	Risk Adjustment for non-financial risk	
Insurance contracts					
Insurance contract liabilities – opening	116,842,987	22,990,602	279,092,235	8,872,606	427,798,430
Insurance contract assets – opening	-	-	-	-	-
<b>Opening balance – net (unaudited)</b>	<b>116,842,987</b>	<b>22,990,602</b>	<b>279,092,235</b>	<b>8,872,606</b>	<b>427,798,430</b>
<b>Insurance revenue</b>	<b>(277,482,149)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(277,482,149)</b>
<b>Insurance service expenses</b>					
Incurred claims and other directly attributable expenses	-	-	236,490,548	4,583,004	241,073,552
Reversal of onerous contracts	-	(11,735,260)	-	-	(11,735,260)
Changes that relate to past service - adjustments to the LIC	-	-	(58,586,578)	(2,755,992)	(61,342,570)
Insurance acquisition cashflows amortisation	50,108,670	-	-	-	50,108,670
<b>Insurance service expenses</b>	<b>50,108,670</b>	<b>(11,735,260)</b>	<b>177,903,970</b>	<b>1,827,012</b>	<b>218,104,392</b>
Finance expense from insurance contracts	-	-	2,225,705	-	2,225,705
<b>Total changes in the statement of income</b>	<b>(227,373,479)</b>	<b>(11,735,260)</b>	<b>180,129,675</b>	<b>1,827,012</b>	<b>(57,152,052)</b>
<b>Cashflows</b>					
Premiums received	284,081,501	-	-	-	284,081,501
Claims and other directly attributable expenses paid	(13,232,215)	-	(206,517,280)	-	(219,749,495)
Insurance acquisition cashflows paid	(31,119,661)	-	-	-	(31,119,661)
<b>Total cash inflows (outflows)</b>	<b>239,729,625</b>	<b>-</b>	<b>(206,517,280)</b>	<b>-</b>	<b>33,212,345</b>
Insurance contracts					
Insurance contract liabilities – closing	129,199,133	11,255,342	252,704,630	10,699,618	403,858,723
Insurance contract assets – closing	-	-	-	-	-
<b>Closing balance – net (unaudited)</b>	<b>129,199,133</b>	<b>11,255,342</b>	<b>252,704,630</b>	<b>10,699,618</b>	<b>403,858,723</b>

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**10 Insurance and reinsurance contracts (continued)**

**10.2 Analysis by remaining coverage and incurred claims (continued)**

**10.2.1 Insurance contracts (continued)**

	As at 31 December 2022 - Restated (unaudited)				
	Liability for remaining coverage		Liability for incurred claims		Total
	Excluding loss component	Loss component	Estimates of present value of FCF	Risk Adjustment for non-financial risk	
Insurance contracts					
Insurance contract liabilities – opening	111,311,529	21,127,582	408,471,541	9,376,907	550,287,559
Insurance contract assets – opening	-	-	-	-	-
<b>Opening balance – net (unaudited)</b>	<b>111,311,529</b>	<b>21,127,582</b>	<b>408,471,541</b>	<b>9,376,907</b>	<b>550,287,559</b>
<b>Insurance revenue</b>	(506,772,116)	-	-	-	(506,772,116)
<b>Insurance service expenses</b>					
Incurred claims and other directly attributable expenses	-	-	434,313,689	6,043,430	440,357,119
Onerous contracts recognized	-	1,863,020	-	-	1,863,020
Changes that relate to past service - adjustments to the LIC	-	-	(44,046,642)	(6,547,731)	(50,594,373)
Insurance acquisition cashflows amortisation	107,844,353	-	-	-	107,844,353
<b>Insurance service expenses</b>	<b>107,844,353</b>	<b>1,863,020</b>	<b>390,267,047</b>	<b>(504,301)</b>	<b>499,470,119</b>
Finance income from insurance contracts	-	-	(7,853,583)	-	(7,853,583)
<b>Total changes in the statement of income</b>	<b>(398,927,763)</b>	<b>1,863,020</b>	<b>382,413,464</b>	<b>(504,301)</b>	<b>(15,155,580)</b>
<b>Cashflows</b>					
Premiums received	511,850,455	-	-	-	511,850,455
Claims and other directly attributable expenses paid	(49,658,855)	-	(511,792,770)	-	(561,451,625)
Insurance acquisition cashflows paid	(57,732,379)	-	-	-	(57,732,379)
<b>Total cash inflows / (outflows)</b>	<b>404,459,221</b>	<b>-</b>	<b>(511,792,770)</b>	<b>-</b>	<b>(107,333,549)</b>
Insurance contracts					
Insurance contract liabilities – closing	116,842,987	22,990,602	279,092,235	8,872,606	427,798,430
Insurance contract assets – closing	-	-	-	-	-
<b>Closing balance – net (unaudited)</b>	<b>116,842,987</b>	<b>22,990,602</b>	<b>279,092,235</b>	<b>8,872,606</b>	<b>427,798,430</b>

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**10 Insurance and reinsurance contracts (continued)**

**10.2 Analysis by remaining coverage and incurred claims (continued)**

**10.2.2 Reinsurance contracts held**

	As at 30 June 2023 (unaudited)				
	Asset for remaining coverage		Asset for incurred claims		Total
	Excluding loss recovery component	Loss recovery component	Estimates of present value of FCF	Risk adjustment for non-financial risk	
Reinsurance contracts					
Reinsurance contract assets – opening	14,931,597	3,724,304	53,348,757	2,722,364	74,727,022
Reinsurance contract liabilities – opening	-	-	-	-	-
<b>Opening balance – net (unaudited)</b>	<b>14,931,597</b>	<b>3,724,304</b>	<b>53,348,757</b>	<b>2,722,364</b>	<b>74,727,022</b>
<b>Allocation of reinsurance premium</b>	<b>(42,593,094)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(42,593,094)</b>
<b>Amounts recoverable from reinsurers</b>					
Claims recovered and other directly attributable expenses	-	-	19,821,064	767,088	20,588,152
Loss-recovery on onerous underlying contracts	-	(2,697,636)	-	-	(2,697,636)
Changes that relate to past service – changes in the FCF relating to incurred claims recovery	-	-	(5,114,034)	(1,271,002)	(6,385,036)
Reinsurance acquisition cashflows amortisation	9,405,364	-	-	-	9,405,364
<b>Amounts recoverable from reinsurers – net</b>	<b>9,405,364</b>	<b>(2,697,636)</b>	<b>14,707,030</b>	<b>(503,914)</b>	<b>20,910,844</b>
Finance income from reinsurance contracts	-	-	175,021	-	175,021
<b>Total changes in the statement of income</b>	<b>(33,187,730)</b>	<b>(2,697,636)</b>	<b>14,882,051</b>	<b>(503,914)</b>	<b>(21,507,229)</b>
<b>Cashflows</b>					
Premiums ceded and acquisition cashflows paid	34,859,634	-	-	-	34,859,634
Recoveries from reinsurance	(9,403,328)	-	(22,801,841)	-	(32,205,169)
<b>Total cash (outflows) / inflows</b>	<b>25,456,306</b>	<b>-</b>	<b>(22,801,841)</b>	<b>-</b>	<b>2,654,465</b>
Reinsurance contracts					
Reinsurance contract assets – closing	7,200,173	1,026,668	45,428,967	2,218,450	55,874,258
Reinsurance contract liabilities – closing	-	-	-	-	-
<b>Closing balance – net (unaudited)</b>	<b>7,200,173</b>	<b>1,026,668</b>	<b>45,428,967</b>	<b>2,218,450</b>	<b>55,874,258</b>



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**10. Insurance and reinsurance contracts (continued)**

**10.2 Analysis by remaining coverage and incurred claims (continued)**

**10.2.2 Reinsurance contracts held (continued)**

	As at 31 December 2022 - Restated (Audited)				
	Asset for remaining coverage		Asset for incurred claims		Total
	Excluding Loss recovery component	Loss recovery component	Estimates of present value of FCF	Risk adjustment for non-financial risk	
Reinsurance contracts					
Reinsurance contract assets – opening	19,180,092	1,708,878	83,107,472	2,538,666	106,535,108
Reinsurance contract liabilities – opening	-	-	-	-	-
<b>Opening balance – net (unaudited)</b>	<b>19,180,092</b>	<b>1,708,878</b>	<b>83,107,472</b>	<b>2,538,666</b>	<b>106,535,108</b>
<b>Allocation of reinsurance premium</b>	(86,994,947)	-	-	-	(86,994,947)
<b>Amounts recoverable from reinsurers</b>					
Claims recovered and other directly attributable expenses	-	-	66,179,916	1,720,400	67,900,316
Onerous contracts recognized	-	2,088,839	-	-	2,088,839
Loss-recovery on onerous underlying contracts	-	(73,413)	-	-	(73,413)
Changes that relate to past service – changes in the FCF relating to incurred claims recovery	-	-	(3,730,716)	(1,536,702)	(5,267,418)
<b>Amounts recoverable from reinsurers - net</b>	<b>-</b>	<b>2,015,426</b>	<b>62,449,200</b>	<b>183,698</b>	<b>64,648,324</b>
Finance expenses from reinsurance contracts	-	-	(2,161,016)	-	(2,161,016)
<b>Total changes in the statement of income</b>	<b>(86,994,947)</b>	<b>2,015,426</b>	<b>60,288,184</b>	<b>183,698</b>	<b>(24,507,639)</b>
<b>Cashflows</b>					
Premiums ceded and acquisition cashflows paid	101,796,208	-	-	-	101,796,208
Recoveries from reinsurance	(19,049,756)	-	(90,046,899)	-	(109,096,655)
<b>Total cash (outflows) / inflows</b>	<b>82,746,452</b>	<b>-</b>	<b>(90,046,899)</b>	<b>-</b>	<b>7,300,447</b>
Reinsurance contracts					
Reinsurance contract assets – closing	14,931,597	3,724,304	53,348,757	2,722,364	74,727,022
Reinsurance contract liabilities – closing	-	-	-	-	-
<b>Closing balance – net (unaudited)</b>	<b>14,931,597</b>	<b>3,724,304</b>	<b>53,348,757</b>	<b>2,722,364</b>	<b>74,727,022</b>

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**11 Share capital**

The authorized, issued and paid up capital of the Company was Saudi Riyals 458.9 million at 30 June 2023 (31 December 2022: Saudi Riyals 458.9 million) consisting of 45.8 million shares (31 December 2022: 45.8 million shares) of Saudi Riyals 10 each.

Shareholding structure of the Company as of 30 June 2023 and 31 December 2022 is as below:

	<b>Authorized and issued</b>		<b>Paid up</b>
	<b>No. of Shares</b>	<b>Saudi Riyals</b>	
<b>30 June 2023</b>			
Yaqeen Capital	<b>3,336,561</b>	<b>33,365,613</b>	<b>33,365,613</b>
Rawabi Holding Company	<b>4,717,999</b>	<b>47,179,986</b>	<b>47,179,986</b>
Gulf Union Insurance and Projects Management Holding Company B.S.C. (c.)	<b>2,475,113</b>	<b>24,751,135</b>	<b>24,751,135</b>
Others	<b>35,365,255</b>	<b>353,652,547</b>	<b>353,652,547</b>
	<b>45,894,928</b>	<b>458,949,280</b>	<b>458,949,280</b>
	<b>Authorized and issued</b>		<b>Paid up</b>
	<b>No. of Shares</b>	<b>Saudi Riyals</b>	
<b>31 December 2022</b>			
Yaqeen Capital	<b>4,940,589</b>	<b>49,405,890</b>	<b>49,405,890</b>
Rawabi Holding Company	<b>4,717,999</b>	<b>47,179,986</b>	<b>47,179,986</b>
Gulf Union Insurance and Projects Management Holding Company B.S.C. (c.)	<b>2,475,113</b>	<b>24,751,135</b>	<b>24,751,135</b>
Others	<b>33,761,227</b>	<b>337,612,269</b>	<b>337,612,269</b>
	<b>45,894,928</b>	<b>458,949,280</b>	<b>458,949,280</b>

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**12. Insurance revenue and expenses**

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

**For the three-month period ended June 30, 2023:**

	Medical	Motor	Liability	Engineering	Property	General Accident	Marine	Protection	Total
<b>30 June 2023</b>									
<b>Insurance revenue from contracts measured under PAA</b>	<b>55,129,580</b>	<b>59,303,862</b>	<b>9,068,248</b>	<b>3,739,715</b>	<b>4,929,012</b>	<b>3,232,094</b>	<b>5,363,041</b>	<b>377,256</b>	<b>141,142,808</b>
Incurring claims and other directly attributable expenses	(60,930,442)	(57,452,366)	(1,829,353)	(2,213,310)	13,396,644	(3,446,238)	(3,833,397)	(159,132)	(116,467,594)
Changes that relate to past service - adjustments to the LIC	31,318,793	2,531,467	(2,065,940)	(2,023,583)	425,761	1,469,144	481,479	70,184	32,207,305
Losses on onerous contracts and reversal of the losses	(2,080,490)	10,128,589	-	-	-	-	-	-	8,048,099
Insurance acquisition cash flows amortisation	(2,192,508)	(15,615,980)	(474,956)	(420,559)	(655,948)	(341,150)	(138,569)	95,084	(19,744,586)
<b>Total insurance service expenses</b>	<b>(33,884,647)</b>	<b>(60,408,290)</b>	<b>(4,370,249)</b>	<b>(4,657,452)</b>	<b>13,166,457</b>	<b>(2,318,244)</b>	<b>(3,490,487)</b>	<b>6,136</b>	<b>(95,956,776)</b>

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**12. Insurance revenue and expenses** (continued)

**For the three-month period ended 30 June 2023:** (continued)

	Medical	Motor	Liability	Engineering	Property	General Accident	Marine	Protection	Total
<b>Reinsurance income - contracts measured under the PAA</b>									
Reinsurance premium ceded	(937,497)	(6,297,507)	(1,707,989)	(3,128,650)	(4,697,346)	(691,407)	(4,370,017)	(196,735)	(22,027,148)
Claims recovered	(1,120,469)	3,097,379	(85,159)	713,250	(13,601,222)	365,236	(2,042,807)	(104,469)	(12,778,261)
Effect of changes in the risk of reinsurers non- performance	-	-	-	-	-	-	-	-	-
Losses on onerous contracts and reversal of the losses	30,639	(1,167,355)	-	-	-	-	-	-	(1,136,716)
Changes that relate to past service - adjustments to incurred claims	1,172,548	(796,779)	(623,666)	1,058,562	(111,185)	1,844,902	3,914,665	(898,613)	5,560,434
Reinsurance acquisition cash flows amortisation	-	1,121,909	143,000	995,178	1,191,311	233,967	1,319,977	16	5,005,358
<b>Total net (expenses) income from reinsurance contracts</b>	<b>(854,779)</b>	<b>(4,042,353)</b>	<b>(2,273,814)</b>	<b>(361,660)</b>	<b>(17,218,442)</b>	<b>1,752,698</b>	<b>(1,178,182)</b>	<b>(1,199,801)</b>	<b>(25,376,333)</b>
<b>Insurance service result</b>	<b>20,390,154</b>	<b>(5,146,781)</b>	<b>2,424,185</b>	<b>(1,279,397)</b>	<b>877,027</b>	<b>2,666,548</b>	<b>694,372</b>	<b>(816,409)</b>	<b>19,809,699</b>

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**12. Insurance revenue and expenses** (continued)

**For the three-month period ended 30 June 2022:**

	Medical	Motor	Liability	Engineering	Property	General Accident	Marine	Protection	Total
<b>30 June 2022</b>									
<b>Insurance revenue from contracts measured under PAA</b>	48,410,156	53,892,700	5,245,087	3,012,882	6,373,849	1,411,509	7,019,359	212,154	125,577,696
Incurring claims and other directly attributable expenses	(103,793,056)	(52,409,128)	235,680	(2,339,737)	(2,128,014)	(1,336,568)	(1,870,336)	38,216	(163,602,943)
Changes that relate to past service - adjustments to the LIC	56,632,861	803,016	1,644,425	1,990,251	982,061	539,231	1,444,611	1,489,343	65,525,799
(Losses) reversal of the losses on onerous contracts	3,575,367	9,528,309	-	-	-	-	-	-	13,103,676
Insurance acquisition cash flows amortisation	(3,252,280)	(7,366,745)	(711,792)	(340,343)	(456,907)	(79,216)	(428,830)	(4,052)	(12,640,165)
<b>Total insurance service expenses</b>	(46,837,108)	(49,444,548)	1,168,313	(689,829)	(1,602,860)	(876,553)	(854,555)	1,523,507	(97,613,633)

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**12. Insurance revenue and expenses** (continued)

**For the three-month period ended 30 June 2022:** (continued)

	Medical	Motor	Liability	Engineering	Property	General Accident	Marine	Protection	Total
<b>Reinsurance income / (expenses) - contracts measured under the PAA</b>									
Reinsurance premium ceded	(3,650,202)	(15,068,940)	(840,890)	(3,354,316)	(5,849,502)	(705,248)	(5,598,026)	(151,185)	(35,218,309)
Claims recovered	2,543,555	1,359,869	1,980,377	2,524,740	2,521,396	549,318	2,642,909	(211,688)	13,910,476
Effect of changes in the risk of reinsurers non- performance	-	-	-	-	-	-	-	-	-
Losses on onerous contracts and reversal of the losses	(243,557)	1,003,119	-	-	-	-	-	-	759,562
Changes that relate to past service - adjustments to incurred claims	725,738	2,560,512	(1,856,534)	(2,179,577)	(2,158,366)	(339,842)	(2,503,565)	267,786	(5,483,848)
Reinsurance acquisition cash flows amortisation	-	4,371,364	132,197	1,618,035	2,220,070	382,632	2,322,742	3,839	11,050,879
<b>Total net expenses from reinsurance contracts</b>	<b>(624,466)</b>	<b>(5,774,076)</b>	<b>(584,850)</b>	<b>(1,391,118)</b>	<b>(3,266,402)</b>	<b>(113,140)</b>	<b>(3,135,940)</b>	<b>(91,248)</b>	<b>(14,981,240)</b>
<b>Total insurance service result</b>	<b>948,582</b>	<b>(1,325,924)</b>	<b>5,828,550</b>	<b>931,935</b>	<b>1,504,587</b>	<b>421,816</b>	<b>3,028,864</b>	<b>1,644,413</b>	<b>12,982,823</b>

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**12. Insurance revenue and expenses** (continued)

**For the six-month period ended 30 June 2023:**

	Medical	Motor	Liability	Engineering	Property	General Accident	Marine	Protection	Total
<b>30 June 2023</b>									
Insurance revenue from contracts measured under PAA	<b>116,660,300</b>	<b>115,717,718</b>	<b>14,916,302</b>	<b>7,804,742</b>	<b>8,984,476</b>	<b>4,654,418</b>	<b>8,090,141</b>	<b>654,052</b>	<b>277,482,149</b>
Incurred claims and other directly attributable expenses	<b>(111,334,840)</b>	<b>(107,729,289)</b>	<b>(2,762,962)</b>	<b>(2,968,138)</b>	<b>(3,233,785)</b>	<b>(6,152,323)</b>	<b>(6,549,129)</b>	<b>(343,086)</b>	<b>(241,073,552)</b>
Changes that relate to past service - adjustments to the LIC	<b>49,180,304</b>	<b>5,377,654</b>	<b>(3,363,884)</b>	<b>877,574</b>	<b>1,089,333</b>	<b>4,703,898</b>	<b>2,882,039</b>	<b>595,652</b>	<b>61,342,570</b>
Losses on onerous contracts and reversal of the losses	<b>(58,863)</b>	<b>11,794,123</b>	-	-	-	-	-	-	<b>11,735,260</b>
Insurance acquisition cash flows amortisation	<b>(10,429,999)</b>	<b>(33,348,739)</b>	<b>(2,302,658)</b>	<b>(1,158,275)</b>	<b>(1,353,503)</b>	<b>(684,473)</b>	<b>(765,830)</b>	<b>(65,193)</b>	<b>(50,108,670)</b>
<b>Total insurance service expenses</b>	<b>(72,643,398)</b>	<b>(123,906,251)</b>	<b>(8,429,504)</b>	<b>(3,248,839)</b>	<b>(3,497,955)</b>	<b>(2,132,898)</b>	<b>(4,432,920)</b>	<b>187,373</b>	<b>(218,104,392)</b>

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**12. Insurance revenue and expenses** (continued)

**For the six-month period ended 30 June 2023:** (continued)

	Medical	Motor	Liability	Engineering	Property	General Accident	Marine	Protection	Total
<b>Reinsurance income - contracts measured under the PAA</b>									
Reinsurance premium ceded	(1,835,841)	(14,108,656)	(2,786,744)	(6,375,737)	(9,124,080)	(1,320,263)	(6,662,345)	(379,428)	(42,593,094)
Claims recovered	1,374,334	10,563,559	5,609	1,743,667	1,890,013	965,613	4,027,280	18,077	20,588,152
Effect of changes in the risk of reinsurers non- performance	-	-	-	-	-	-	-	-	-
Loss - Recovery on onerous underlying contracts	(35,690)	(2,661,946)	-	-	-	-	-	-	(2,697,636)
Onerous contracts recognized	-	-	-	-	-	-	-	-	-
Changes that relate to past service - adjustments to incurred claims	654,976	(626,505)	(657,829)	(2,004,555)	(853,707)	1,268,487	(3,295,257)	(870,646)	(6,385,036)
Reinsurance acquisition cash flows amortisation	-	2,551,172	239,869	1,982,380	2,184,626	442,905	2,003,934	478	9,405,364
<b>Total net (expenses) income from reinsurance contracts</b>	<b>157,779</b>	<b>(4,282,376)</b>	<b>(3,199,095)</b>	<b>(4,654,245)</b>	<b>(5,903,148)</b>	<b>1,356,742</b>	<b>(3,926,388)</b>	<b>(1,231,519)</b>	<b>(21,682,250)</b>
<b>Insurance service result</b>	<b>44,174,681</b>	<b>(12,470,909)</b>	<b>3,287,703</b>	<b>(98,342)</b>	<b>(416,627)</b>	<b>3,878,262</b>	<b>(269,167)</b>	<b>(390,094)</b>	<b>37,695,507</b>



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**12. Insurance revenue and expenses (continued)**

**For the six-month period ended 30 June 2022:**

	Medical	Motor	Liability	Engineering	Property	General Accident	Marine	Protection	Total
<b>30 June 2022</b>									
<b>Insurance revenue from contracts measured under PAA</b>	105,048,193	107,125,017	8,078,329	7,844,515	14,672,814	3,184,572	13,704,079	840,928	260,498,447
Incurring claims and other directly attributable expenses	(148,900,738)	(132,858,418)	(4,790,945)	(1,801,531)	(2,664,634)	(1,091,552)	(2,929,922)	(354,436)	(295,392,176)
Changes that relate to past service - adjustments to the LIC	58,742,153	(1,266,597)	1,644,425	1,865,693	850,828	915,430	1,250,418	115,292	64,117,642
Losses on onerous contracts and reversal of the losses	-	(8,448,074)	-	-	-	-	-	-	(8,448,074)
Reversal of losses on onerous contracts	4,871,146	(656,313)	-	-	-	-	-	-	4,214,833
Insurance acquisition cash flows amortisation	(6,910,374)	(17,314,143)	(1,322,486)	(618,190)	(933,555)	(185,143)	(736,525)	(8,955)	(28,029,371)
<b>Total insurance service expenses</b>	(92,197,813)	(160,543,545)	(4,469,006)	(554,028)	(2,747,361)	(361,265)	(2,416,029)	(248,099)	(263,537,146)

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**12. Insurance revenue and expenses** (continued)

**For the six-month period ended 30 June 2022:** (continued)

	Medical	Motor	Liability	Engineering	Property	General Accident	Marine	Protection	Total
<b>Reinsurance income / (expenses) - contracts measured under the PAA</b>									
Reinsurance premium ceded	(4,476,450)	(26,856,378)	(1,574,393)	(5,110,660)	(9,605,747)	(1,126,323)	(7,917,673)	(311,280)	(56,978,904)
Claims recovered	5,107,834	25,988,935	1,566,365	1,558,922	2,140,597	610,215	2,834,005	60,460	39,867,333
Effect of changes in the risk of reinsurers non- performance	-	-	-	-	-	-	-	-	-
Reversal of losses on onerous contracts	(243,557)	-	-	-	-	-	-	-	(243,557)
Onerous contracts recognized	-	1,003,119	-	-	-	-	-	-	1,003,119
Changes that relate to past service - adjustments to incurred claims	532,556	4,397,450	(1,856,534)	(2,170,351)	(2,152,652)	(322,849)	(2,471,545)	257,989	(3,785,936)
Reinsurance acquisition cash flows amortisation	-	4,371,364	132,197	1,618,035	2,220,070	382,632	2,322,742	3,839	11,050,879
<b>Total net (expenses) income from reinsurance contracts</b>	<b>920,383</b>	<b>8,904,490</b>	<b>(1,732,365)</b>	<b>(4,104,054)</b>	<b>(7,397,732)</b>	<b>(456,325)</b>	<b>(5,232,471)</b>	<b>11,008</b>	<b>(9,087,066)</b>
<b>Total insurance service result</b>	<b>13,770,763</b>	<b>(44,514,038)</b>	<b>1,876,958</b>	<b>3,186,433</b>	<b>4,527,721</b>	<b>2,366,982</b>	<b>6,055,579</b>	<b>603,837</b>	<b>(12,125,765)</b>

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**13. Insurance finance expense - net**

An analysis of the net insurance finance income (expenses) by product line for the six-month and three month periods ended 30 June 2023 and 30 June 2022 respectively is presented below:

**For the three-month period ended 30 June 2023:**

	Medical	Motor	Liability	Engineering	Property	General Accident	Marine	Protection	Total
<b>30 June 2023</b>									
<b>Finance income from insurance contracts issued</b>									
Interest accreted	442,243	(325,925)	1,796,712	(895,786)	(795,256)	(138,456)	374,140	68,643	526,315
Effects of changes in interest rates and other financial assumptions	(111,190)	(84,359)	3,046	(20,029)	38,780	2,570	(35,703)	(4,438)	(211,323)
Foreign exchange differences	-	-	-	-	-	-	-	-	-
<b>Finance income from insurance contracts issued</b>	<b>331,053</b>	<b>(410,284)</b>	<b>1,799,758</b>	<b>(915,815)</b>	<b>(756,476)</b>	<b>(135,886)</b>	<b>338,437</b>	<b>64,205</b>	<b>314,992</b>
<b>Finance expenses from reinsurance contracts held</b>									
Interest accreted	7,020	(839,008)	87,218	(97,400)	793,797	(173,055)	(55,554)	(7,737)	(284,719)
Effects of changes in interest rates and other financial assumptions	(9,840)	(21,230)	(11,481)	(4,809)	(66,611)	(1,501)	(160,057)	(1,660)	(277,189)
Foreign exchange differences	-	-	-	-	-	-	-	-	-
<b>Finance expenses from reinsurance contracts held</b>	<b>(2,820)</b>	<b>(860,238)</b>	<b>75,737</b>	<b>(102,209)</b>	<b>727,186</b>	<b>(174,556)</b>	<b>(215,611)</b>	<b>(9,397)</b>	<b>(561,908)</b>
<b>Net insurance finance income</b>	<b>328,233</b>	<b>(1,270,522)</b>	<b>1,875,495</b>	<b>(1,018,024)</b>	<b>(29,290)</b>	<b>(310,442)</b>	<b>122,826</b>	<b>54,808</b>	<b>(246,916)</b>

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**13. Insurance finance expense – net** (continued)

**For the three-month period ended 30 June 2022:**

	<b>Medical</b>	<b>Motor</b>	<b>Liability</b>	<b>Engineering</b>	<b>Property</b>	<b>General Accident</b>	<b>Marine</b>	<b>Protection</b>	<b>Total</b>
<b>30 June 2022</b>									
<b>Finance income from insurance contracts issued</b>									
Interest accreted	(1,917)	157,031	(3,176)	(7,610)	11,409	2,184	1,893	26	159,840
Effects of changes in interest rates and other financial assumptions	8,101	30,544	(2,689)	(2,425)	5,018	1,679	4,690	155	45,073
Foreign exchange differences	-	-	-	-	-	-	-	-	-
<b>Finance income from insurance contracts issued</b>	<b>6,184</b>	<b>187,575</b>	<b>(5,865)</b>	<b>(10,035)</b>	<b>16,427</b>	<b>3,863</b>	<b>6,583</b>	<b>181</b>	<b>204,913</b>
<b>Finance expenses from reinsurance contracts held</b>									
Interest accreted	(170,745)	1,625,234	2,867	(48,127)	(81,154)	(1,278,462)	(109,700)	12,200	(47,887)
Effects of changes in interest rates and other financial assumptions	(4,396)	17,084	201	(609)	(1,275)	-	(3,944)	22	7,083
Foreign exchange differences	-	-	-	-	-	-	-	-	-
<b>Finance expenses from reinsurance contracts held</b>	<b>(175,141)</b>	<b>1,642,318</b>	<b>3,068</b>	<b>(48,736)</b>	<b>(82,429)</b>	<b>(1,278,462)</b>	<b>(113,644)</b>	<b>12,222</b>	<b>(40,804)</b>
<b>Net insurance finance income</b>	<b>(168,957)</b>	<b>1,829,893</b>	<b>(2,797)</b>	<b>(58,771)</b>	<b>(66,002)</b>	<b>(1,274,599)</b>	<b>(107,061)</b>	<b>12,403</b>	<b>164,109</b>

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**13. Insurance finance expense – net** (continued)

**For the six-month period ended 30 June 2023:**

	Medical	Motor	Liability	Engineering	Property	General Accident	Marine	Protection	Total
<b>30 June 2023</b>									
<b>Finance income from insurance contracts issued</b>									
Interest accreted	465,695	(2,278,639)	1,895,104	(2,355,598)	91,074	357,746	180,397	73,660	(1,570,561)
Effects of changes in interest rates and other financial assumptions	(266,328)	(171,814)	(95,346)	(25,594)	(22,543)	-	(67,165)	(6,354)	(655,144)
Foreign exchange differences									
<b>Finance income from insurance contracts issued</b>	<b>199,367</b>	<b>(2,450,453)</b>	<b>1,799,758</b>	<b>(2,381,192)</b>	<b>68,531</b>	<b>357,746</b>	<b>113,232</b>	<b>67,306</b>	<b>(2,225,705)</b>
<b>Finance expenses from reinsurance contracts held</b>									
Interest accreted	2,738	(165,553)	80,608	(19,826)	41,536	34,480	363,163	2,738	339,884
Effects of changes in interest rates and other financial assumptions	(1,566)	(12,483)	(4,871)	(215)	(10,281)	-	(135,211)	(236)	(164,864)
Foreign exchange differences	-	-	-	-	-	-	-	-	-
<b>Finance expenses from reinsurance contracts held</b>	<b>1,172</b>	<b>(178,036)</b>	<b>75,737</b>	<b>(20,041)</b>	<b>31,255</b>	<b>34,480</b>	<b>227,951</b>	<b>2,502</b>	<b>175,021</b>
<b>Net insurance finance income</b>	<b>200,539</b>	<b>(2,628,489)</b>	<b>1,875,495</b>	<b>(2,401,233)</b>	<b>99,786</b>	<b>392,226</b>	<b>341,184</b>	<b>69,808</b>	<b>(2,050,684)</b>

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**13. Insurance finance expense – net** (continued)

**For the six-month period ended 30 June 2022:**

	<b>Medical</b>	<b>Motor</b>	<b>Liability</b>	<b>Engineering</b>	<b>Property</b>	<b>General Accident</b>	<b>Marine</b>	<b>Protection</b>	<b>Total</b>
<b>30 June 2022</b>									
<b>Finance income from insurance contracts issued</b>									
Interest accreted	717,751	2,536,970	399,653	58,952	54,914	75,444	58,571	6,944	3,909,199
Effects of changes in interest rates and other financial assumptions	18,481	26,668	27,959	745	862	-	2,105	85	76,905
Foreign exchange differences	-	-	-	-	-	-	-	-	-
<b>Finance income from insurance contracts issued</b>	<b>736,232</b>	<b>2,563,638</b>	<b>427,612</b>	<b>59,697</b>	<b>55,776</b>	<b>75,444</b>	<b>60,676</b>	<b>7,029</b>	<b>3,986,104</b>
<b>Finance expenses from reinsurance contracts held</b>									
Interest accreted	8,159	(434,554)	(56,788)	(92,731)	(100,822)	(24,291)	(27,083)	(349)	(728,459)
Effects of changes in interest rates and other financial assumptions	(34,483)	(84,523)	(48,079)	(29,553)	(44,340)	(18,677)	(67,124)	(2,082)	(328,861)
Foreign exchange differences	-	-	-	-	-	-	-	-	-
<b>Finance expenses from reinsurance contracts held</b>	<b>(26,324)</b>	<b>(519,077)</b>	<b>(104,867)</b>	<b>(122,284)</b>	<b>(145,162)</b>	<b>(42,968)</b>	<b>(94,207)</b>	<b>(2,431)</b>	<b>(1,057,320)</b>
<b>Net insurance finance income</b>	<b>709,908</b>	<b>2,044,561</b>	<b>322,745</b>	<b>(62,587)</b>	<b>(89,386)</b>	<b>32,476</b>	<b>(33,531)</b>	<b>4,598</b>	<b>2,928,784</b>

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**14. Other operating expenses - net**

	Three-month period ended 30 June 2023 (Unaudited)	Three-month period ended 30 June 2022 (Restated - Notes 3 and 4) (Unaudited)	Six-month period ended 30 June 2023 (Unaudited)	Six-month period ended 30 June 2022 (Restated - Notes 3 and 4) (Unaudited)
Salaries and benefits	3,542,676	5,327,015	5,095,182	6,779,522
Professional fee	2,064,520	602,030	3,354,211	2,295,505
Depreciation and amortisation	811,065	2,473,772	2,402,233	3,573,447
Information technology	59,220	56,136	1,097,426	648,698
Insurance expense	355,248	341,727	939,049	825,528
Telephone and postage	361,004	215,074	594,075	450,831
Others	2,782,916	4,413,796	3,460,089	5,061,873
	<b>9,976,649</b>	<b>13,429,550</b>	<b>16,942,265</b>	<b>19,635,404</b>

**15. Other income**

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

**16. Commitments and contingencies**

- The Company, in common with significant majority of insurers, is subject to litigation in the normal course of its business. The Company, based on independent legal advice, does not believe that the outcome of these cases will have a material impact on the Company's financial performance.
- As at 30 June 2023 the Company has capital commitments amounting to Saudi Riyals 40.3 million pertaining to implementation of a new software (31 December 2022: Saudi Riyals 40.3 million).
- See Note 20 for contingencies pertaining to zakat and income tax assessments.
- The Company operates in the insurance industry and is subject to legal proceedings in the ordinary course of business. While it is not practicable to forecast or determine the final results of all pending or threatened legal proceedings. The Company, based on in-house legal advice, does not believe that such proceedings (including litigations) will have a material effect on its results and financial position.

**17. Fair value of financial instruments**

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

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

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**17. Fair value of financial instruments (continued)**

The following table shows the carrying amount and fair values of financial assets, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial asset and liabilities not measured at fair value if the carrying amount is a reasonable approximation to fair value, as these are either short-term in nature or carry interest rates which are based on prevalent market interest rates.

*(a) Carrying amounts and fair value*

<b>30 June 2023</b>				
<b>(Unaudited)</b>				
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial assets measured at fair value</b>				
Mutual funds	<b>76,835,450</b>	-	-	<b>76,835,450</b>
Ordinary shares	<b>30,905,738</b>	-	<b>79,406,254</b>	<b>110,311,992</b>
Sukuks	<b>21,941,164</b>	-	-	<b>21,941,164</b>
<b>Total investments</b>	<b>129,682,352</b>	-	<b>79,406,254</b>	<b>209,088,606</b>

<b>31 December 2022 - Restated</b>				
<b>(Unaudited)</b>				
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial assets measured at fair value</b>				
Mutual funds	76,746,369	-	-	76,746,369
Ordinary shares	28,318,492	-	79,406,254	107,724,746
Sukuks	21,864,712	-	-	21,864,712
<b>Total investments</b>	<b>126,929,573</b>	-	<b>79,406,254</b>	<b>206,335,827</b>

Significant unobservable inputs were used in the valuation of level 3 investments based on fair value estimates from reputable third-party valuer who use technique such as discounted cash flows and other sophisticated models. During the six-month period ended 30 June 2023, there have been no transfers between level 1, level 2 and level 3.

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



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**18. Information related to product lines**

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

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

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

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

- Medical;
- Motor;
- Liability;
- Engineering;
- Property;
- General Accident;
- Marine; and
- Protection.

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**18. Information related to product lines (continued)**

30 June 2023 (Unaudited)	Insurance operations									Unallocated	Total
	Medical	Motor	Liability	Engineering	Property	General Accident	Marine	Protection	Total		
<b>Assets</b>											
Reinsurance contract assets	4,460,476	21,924,000	1,615,245	6,522,994	5,095,647	4,115,748	11,912,930	227,218	55,874,258	-	55,874,258
Unallocated assets	-	-	-	-	-	-	-	-	-	911,633,987	911,633,987
<b>Total assets</b>	<b>4,460,476</b>	<b>21,924,000</b>	<b>1,615,245</b>	<b>6,522,994</b>	<b>5,095,647</b>	<b>4,115,748</b>	<b>11,912,930</b>	<b>227,218</b>	<b>55,874,258</b>	<b>911,633,987</b>	<b>967,508,245</b>
<b>Liabilities</b>											
Insurance contract liabilities	161,098,663	156,825,567	41,850,421	14,026,285	9,128,813	4,143,811	15,212,249	1,572,914	403,858,723	-	403,858,723
Unallocated liabilities and equity	-	-	-	-	-	-	-	-	-	563,649,522	563,649,522
<b>Total liabilities and equity</b>	<b>161,098,663</b>	<b>156,825,567</b>	<b>41,850,421</b>	<b>14,026,285</b>	<b>9,128,813</b>	<b>4,143,811</b>	<b>15,212,249</b>	<b>1,572,914</b>	<b>403,858,723</b>	<b>563,649,522</b>	<b>966,020,945</b>

31 December 2022 - Restated (Unaudited)	Insurance operations									Unallocated	Total
	Medical	Motor	Liability	Engineering	Property	General Accident	Marine	Protection	Total		
<b>Assets</b>											
Reinsurance contract assets	4,828,756	34,888,803	2,370,797	7,836,040	6,370,239	1,899,505	14,981,762	1,551,120	74,727,022	-	74,727,022
Unallocated assets	-	-	-	-	-	-	-	-	-	861,119,165	861,119,165
<b>Total assets</b>	<b>4,828,756</b>	<b>34,888,803</b>	<b>2,370,797</b>	<b>7,836,040</b>	<b>6,370,239</b>	<b>1,899,505</b>	<b>14,981,762</b>	<b>1,551,120</b>	<b>74,727,022</b>	<b>861,119,165</b>	<b>935,846,187</b>
<b>Liabilities</b>											
Insurance contract liabilities	179,947,029	174,453,289	26,674,487	9,621,096	9,637,118	4,603,582	20,624,658	2,237,171	427,798,430	-	427,798,430
Unallocated liabilities and equity	-	-	-	-	-	-	-	-	-	508,047,757	508,047,757
<b>Total liabilities and equity</b>	<b>179,947,029</b>	<b>174,453,289</b>	<b>26,674,487</b>	<b>9,621,096</b>	<b>9,637,118</b>	<b>4,603,582</b>	<b>20,624,658</b>	<b>2,237,171</b>	<b>427,798,430</b>	<b>508,047,757</b>	<b>935,846,187</b>

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**18. Information related to product lines (continued)**

**For the three-month period ended June 30, 2023:**

Three-month period ended 30 June 2023 (Unaudited)	Medical	Motor	Liability	Engineering	Property	General Accident	Marine	Protection	Total	Unallocated	Total
Insurance revenue	55,129,580	59,303,862	9,068,248	3,739,715	4,929,012	3,232,094	5,363,041	377,256	141,142,808	-	141,142,808
Insurance service expenses	(33,884,647)	(60,408,290)	(4,370,249)	(4,657,452)	13,166,457	(2,318,244)	(3,490,487)	6,136	(95,956,776)	-	(95,956,776)
Net (expenses) income from reinsurance contracts	(854,779)	(4,042,353)	(2,273,814)	(361,660)	(17,218,442)	1,752,698	(1,178,182)	(1,199,801)	(25,376,333)	-	(25,376,333)
<b>Insurance service result</b>	<b>20,390,154</b>	<b>(5,146,781)</b>	<b>2,424,185</b>	<b>(1,279,397)</b>	<b>877,027</b>	<b>2,666,548</b>	<b>694,372</b>	<b>(816,409)</b>	<b>19,809,699</b>	<b>-</b>	<b>19,809,699</b>
Interest income from financial assets not measured at FVTPL	-	-	-	-	-	-	-	-	-	6,004,844	6,004,844
Net gains on FVTPL investments	-	-	-	-	-	-	-	-	-	3,499,149	3,499,149
Net impairment losses on financial assets	-	-	-	-	-	-	-	-	-	(9,530)	(9,530)
<b>Net investment income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,494,463</b>	<b>9,494,463</b>
Finance (expenses) income from insurance contracts issued	(146,627)	1,447,134	-	97,805	(815,310)	(393,534)	130,711	(5,187)	314,992	-	314,992
Finance (expenses) income from reinsurance contracts held	(2,820)	(860,237)	-	(102,210)	727,186	(98,818)	(215,612)	(9,397)	(561,908)	-	(561,908)
<b>Net insurance finance income</b>	<b>(149,447)</b>	<b>586,897</b>	<b>-</b>	<b>(4,405)</b>	<b>(88,124)</b>	<b>(492,352)</b>	<b>(84,901)</b>	<b>(14,584)</b>	<b>(246,916)</b>	<b>-</b>	<b>(246,916)</b>
<b>Net insurance and investment result</b>	<b>20,240,707</b>	<b>(4,559,884)</b>	<b>2,424,185</b>	<b>(1,283,802)</b>	<b>788,903</b>	<b>2,174,196</b>	<b>609,471</b>	<b>(830,993)</b>	<b>19,562,783</b>	<b>9,494,463</b>	<b>29,057,246</b>
Finance costs on lease liabilities									-	(42,639)	(42,639)
Other operating expenses – net									-	(9,976,649)	(9,976,649)
Other income									-	12,222,724	12,222,724
<b>Total profit (loss) for the period before zakat and income tax</b>									<b>19,562,783</b>	<b>11,697,899</b>	<b>31,260,682</b>
Zakat expense									-	(500,000)	(500,000)
Income tax									-	-	-
<b>NET PROFIT FOR THE PERIOD ATTRIBUTABLE TO THE SHAREHOLDERS</b>									<b>19,562,783</b>	<b>11,197,899</b>	<b>30,760,682</b>

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**18. Information related to product lines (continued)**

**For the three-month period ended June 30, 2022:**

<b>Three-month period ended 30 June 2022 (Unaudited)</b>	<b>Medical</b>	<b>Motor</b>	<b>Liability</b>	<b>Engineering</b>	<b>Property</b>	<b>General Accident</b>	<b>Marine</b>	<b>Protection</b>	<b>Total</b>	<b>Unallocated</b>	<b>Total</b>
Insurance revenue	48,410,156	53,892,700	5,245,087	3,012,882	6,373,849	1,411,509	7,019,359	212,154	125,577,696	-	125,577,696
Insurance service expenses	(46,837,108)	(49,444,548)	1,168,313	(689,829)	(1,602,860)	(876,553)	(854,555)	1,523,507	(97,613,633)	-	(97,613,633)
Net expenses from reinsurance contracts	(624,466)	(5,774,076)	(584,850)	(1,391,118)	(3,266,402)	(113,140)	(3,135,940)	(91,248)	(14,981,240)	-	(14,981,240)
<b>Insurance service result</b>	<b>948,582</b>	<b>(1,325,924)</b>	<b>5,828,550</b>	<b>931,935</b>	<b>1,504,587</b>	<b>421,816</b>	<b>3,028,864</b>	<b>1,644,413</b>	<b>12,982,823</b>	<b>-</b>	<b>12,982,823</b>
Interest income from financial assets not measured at FVTPL	-	-	-	-	-	-	-	-	-	2,907,643	2,907,643
Net losses on FVTPL investments	-	-	-	-	-	-	-	-	-	(4,689,477)	(4,689,477)
Net impairment losses on financial assets	-	-	-	-	-	-	-	-	-	8,610	8,610
<b>Net investment income</b>										(1,773,224)	(1,773,224)
Finance income (expenses) from reinsurance contracts held	6,184	187,575	(5,865)	(10,035)	16,427	3,863	6,583	181	204,913	-	204,913
Finance (expenses) income from insurance contracts issued	(175,141)	1,642,318	3,068	(48,736)	(82,429)	(1,278,462)	(113,644)	12,222	(40,804)	-	(40,804)
<b>Net insurance finance income (expenses)</b>	<b>(168,957)</b>	<b>1,829,893</b>	<b>(2,797)</b>	<b>(58,771)</b>	<b>(66,002)</b>	<b>(1,274,599)</b>	<b>(107,061)</b>	<b>12,403</b>	<b>164,109</b>	<b>-</b>	<b>164,109</b>
<b>Net insurance and investment result</b>	<b>779,625</b>	<b>503,969</b>	<b>5,825,753</b>	<b>873,164</b>	<b>1,438,585</b>	<b>(852,783)</b>	<b>2,921,803</b>	<b>1,656,816</b>	<b>13,146,932</b>	<b>(1,773,224)</b>	<b>11,373,708</b>
Finance costs on lease liabilities									-	(54,821)	(54,821)
Other operating expenses – net									-	(13,429,550)	(13,429,550)
Other income									-	2,998,743	2,998,743
<b>Total profit for the period before zakat and income tax</b>									<b>13,146,932</b>	<b>(12,258,852)</b>	<b>888,080</b>
Zakat expense									-	(500,000)	(500,000)
Income tax									-	-	-
<b>NET PROFIT FOR THE PERIOD ATTRIBUTABLE TO THE SHAREHOLDERS</b>									<b>13,146,932</b>	<b>(12,758,852)</b>	<b>388,080</b>

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**18. Information related to product lines (continued)**

**For the six-month period ended June 30, 2023:**

<b>Six-month period ended 30 June 2023 (Unaudited)</b>	<b>Medical</b>	<b>Motor</b>	<b>Liability</b>	<b>Engineering</b>	<b>Property</b>	<b>General Accident</b>	<b>Marine</b>	<b>Protection</b>	<b>Total</b>	<b>Unallocated</b>	<b>Total</b>
Insurance revenue	116,660,300	115,717,718	14,916,302	7,804,742	8,984,476	4,654,418	8,090,141	654,052	277,482,149	-	277,482,149
Insurance service expenses	(72,643,398)	(123,906,251)	(8,429,504)	(3,248,839)	(3,497,955)	(2,132,898)	(4,432,920)	187,373	(218,104,392)	-	(218,104,392)
Net expenses from reinsurance contracts	157,779	(4,282,376)	(3,199,095)	(4,654,245)	(5,903,148)	1,356,742	(3,926,388)	(1,231,519)	(21,682,250)	-	(21,682,250)
<b>Insurance service result</b>	<b>44,174,681</b>	<b>(12,470,909)</b>	<b>3,287,703</b>	<b>(98,342)</b>	<b>(416,627)</b>	<b>3,878,262</b>	<b>(269,167)</b>	<b>(390,094)</b>	<b>37,695,507</b>	<b>-</b>	<b>37,695,507</b>
Interest income from financial assets not measured at FVTPL									-	11,355,239	11,355,239
Net losses on FVTPL investments									-	2,752,779	2,752,779
Net impairment losses on financial assets									-	(10,872)	(10,872)
<b>Net investment income</b>									-	14,097,146	14,097,146
Finance income from insurance contracts issued									(2,225,705)	-	(2,225,705)
Finance income from reinsurance contracts held									175,021	-	175,021
<b>Net insurance finance income</b>									<b>(2,050,684)</b>	<b>-</b>	<b>(2,050,684)</b>
<b>Net insurance and investment result</b>									<b>35,644,823</b>	<b>14,097,146</b>	<b>49,741,969</b>
Finance costs on lease liabilities									-	(137,771)	(137,771)
Other operating expenses – net									-	(16,942,265)	(16,942,265)
Other income									-	27,013,746	27,013,746
<b>Total profit for the period before zakat and income tax</b>									<b>35,644,823</b>	<b>24,030,856</b>	<b>59,675,679</b>
Zakat expense									-	(1,000,000)	(1,000,000)
Income tax									-	-	-
<b>NET PROFIT FOR THE PERIOD ATTRIBUTABLE TO THE SHAREHOLDERS</b>									<b>35,644,823</b>	<b>23,030,856</b>	<b>58,675,679</b>

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**18. Information related to product lines (continued)**

**For the six-month period ended June 30, 2022:**

<b>Six-month period ended 30 June 2022 (Unaudited)</b>	<b>Medical</b>	<b>Motor</b>	<b>Liability</b>	<b>Engineering</b>	<b>Property</b>	<b>General Accident</b>	<b>Marine</b>	<b>Protection</b>	<b>Total</b>	<b>Unallocated</b>	<b>Total</b>
Insurance revenue	105,048,193	107,125,017	8,078,329	7,844,515	14,672,814	3,184,572	13,704,079	840,928	260,498,447	-	260,498,447
Insurance service expenses	(92,197,813)	(160,543,545)	(4,469,006)	(554,028)	(2,747,361)	(361,265)	(2,416,029)	(248,099)	(263,537,146)	-	(263,537,146)
Net expenses from reinsurance contracts	920,383	8,904,490	(1,732,365)	(4,104,054)	(7,397,732)	(456,325)	(5,232,471)	11,008	(9,087,066)	-	(9,087,066)
<b>Insurance service result</b>	<b>13,770,763</b>	<b>(44,514,038)</b>	<b>1,876,958</b>	<b>3,186,433</b>	<b>4,527,721</b>	<b>2,366,982</b>	<b>6,055,579</b>	<b>603,837</b>	<b>(12,125,765)</b>	<b>-</b>	<b>(12,125,765)</b>
Interest income from financial assets not measured at FVTPL	-	-	-	-	-	-	-	-	-	9,302,607	9,302,607
Net losses on FVTPL investments	-	-	-	-	-	-	-	-	-	(7,026,684)	(7,026,684)
Net impairment losses on financial assets	-	-	-	-	-	-	-	-	-	5,943	5,943
<b>Net investment income</b>										2,281,866	2,281,866
Finance income (expenses) from reinsurance contracts held	736,232	2,563,638	427,612	59,697	55,776	75,444	60,676	7,029	3,986,104	-	3,986,104
Finance (expenses) income from insurance contracts issued	(26,324)	(519,077)	(104,867)	(122,284)	(145,162)	(42,968)	(94,207)	(2,431)	(1,057,320)	-	(1,057,320)
<b>Net insurance finance income (expenses)</b>	<b>709,908</b>	<b>2,044,561</b>	<b>322,745</b>	<b>(62,587)</b>	<b>(89,386)</b>	<b>32,476</b>	<b>(33,531)</b>	<b>4,598</b>	<b>2,928,784</b>	<b>2,281,866</b>	<b>5,210,650</b>
<b>Net insurance and investment result</b>	<b>14,480,671</b>	<b>(42,469,477)</b>	<b>2,199,703</b>	<b>3,123,846</b>	<b>4,438,335</b>	<b>2,399,458</b>	<b>6,022,048</b>	<b>608,435</b>	<b>(9,196,981)</b>	<b>2,281,866</b>	<b>(6,915,115)</b>
Finance costs on lease liabilities									-	(120,655)	(120,655)
Other operating expenses - net									-	(19,635,404)	(19,635,404)
Other income									-	3,259,365	3,259,365
<b>Total loss for the period before zakat and income tax</b>									<b>(9,196,981)</b>	<b>(14,214,828)</b>	<b>(23,411,809)</b>
Zakat expense									-	(1,000,000)	(1,000,000)
Income tax									-	-	-
<b>NET LOSS FOR THE PERIOD ATTRIBUTABLE TO THE SHAREHOLDERS</b>									<b>(9,196,981)</b>	<b>(15,214,828)</b>	<b>(24,411,809)</b>

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**19. Related party transactions and balances**

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

<b>Nature of transactions</b>	<b>Transactions for the three-month period ended</b>		<b>Transactions for the six-month period ended</b>	
	<b>30 June 2023</b>	<b>30 June 2023</b>	<b>30 June 2023</b>	<b>30 June 2022</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Major shareholders</b>				
Insurance revenue	<b>3,017,606</b>	<b>6,889,821</b>	<b>6,889,821</b>	(1,591,918)
Insurance expenses	<b>(1,373,870)</b>	<b>(1,376,455)</b>	<b>(1,376,455)</b>	-
Directors' remuneration and meeting fee	<b>(1,269,000)</b>	<b>(2,212,895)</b>	<b>(2,212,895)</b>	-
<b>Nature of transactions</b>	<b>Balance receivable / (payable) as at</b>			
	<b>30 June 2023</b>	<b>31 December 2022</b>		
	<b>(Unaudited)</b>	<b>(Unaudited)</b>		
<b>Major shareholders</b>				
Insurance revenue	<b>12,771,008</b>	8,476,391		
Insurance expenses	<b>(1,959,178)</b>	-		

The compensation of key management personnel during the six-month period ended is as follows:

	<b>Three-month period ended 30 June 2023 (Unaudited)</b>	<b>Three-month period ended 30 June 2022 (Unaudited)</b>	<b>Six-month period ended 30 June 2023 (Unaudited)</b>	<b>Six-month period ended 30 June 2022 (Unaudited)</b>
Salaries and benefits	<b>1,362,640</b>	1,314,450	<b>2,716,780</b>	2,567,650
Employee benefit obligations	<b>62,500</b>	26,978	<b>133,000</b>	95,830
	<b>1,425,140</b>	1,341,428	<b>2,849,780</b>	2,663,480

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

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**20. Zakat and Income Tax**

*a) Zakat*

Combined movement of zakat and income tax was as follows:

	<b>30 June 2023 (Unaudited)</b>	<b>31 December 2022 (Unaudited)</b>
Opening balance	<b>22,072,948</b>	20,072,948
Provided during the period / year	<b>1,000,000</b>	2,000,000
Payments during the period / year	<b>(252,795)</b>	-
Closing balance	<b>22,820,153</b>	22,072,948

*b) Status of assessments*

The Company has obtained Zakat and income tax certificates from the Zakat, Tax and Customs Authority (ZATCA) for the years through 2022.

The ZATCA issued a final assessment for the year 2014 with an additional Zakat liability of Saudi riyals 7.0 million. The company filed an appeal against the final assessment and received a revised assessment with an additional Zakat liability of Saudi riyals 3.3 million. The company has further filed an appeal against the revised assessment with the Tax Violations and Dispute Resolution Committee (TVDR). The case was heard by the Committee and rendered its decision by partially accepting the Company's contention which resulted into a reduction in the Zakat liability to Saudi riyals 2.8 million. The Company filed an appeal against the TVDR decision on the items ruled in favor of ZATCA with the Tax Violations and Dispute Appellate Committee (TVDAC) and it is currently under their review.

During 2020, the Company also received zakat and income tax assessment for the year 2015 through 2018 amounting to Saudi riyals 10.3 million. The Company has recognized an additional provision amounting to Saudi riyals 1.9 million under protest and paid such amount to ZATCA, and in parallel filed an appeal against the ZATCA's final assessment. During the three-month period ended 31 March 2022, the Company received a revised assessment with an additional Zakat liability of Saudi riyals 8.4 million. The Company has further filed an appeal against the revised assessment with the TVDR. The case was heard by the Committee and rendered its decision by partially accepting the Company's contention which resulted into a reduction in the Zakat liability to Saudi riyals 7.2 million. The Company has filed an appeal against the TVDR decision on the items ruled in favor of ZATCA with TVDAC and the case is currently under their review.

The final assessments for the years 2019 through 2022 are not yet issued by ZATCA. The zakat and income tax liability as computed by the Company could be different from the zakat and tax liability as assessed by the ZATCA for these years.

In 2018, Al Ahlia received zakat and income tax assessments for the years 2011 and 2012 amounting to Saudi Riyals 2.1 million. Al Ahlia filed an appeal against the ZATCA's assessment to General Secretariat of the Tax Committees ("GSTC") for which the outcome is pending. Further, during 2020, Al Ahlia received zakat and income tax assessments for the years 2015 through 2018 amounting to Saudi Riyals 9.5 million against which Al Ahlia filed an appeal to the GSTC and the outcome is pending. The zakat differences as per the initial assessments for the years 2011, 2012 and 2015 through 2018 were mainly due to the disallowances by ZATCA of certain balances related to investments, statutory deposit and adjusted accumulated losses from the zakat base. Management believes that ZATCA will reconsider the initial assessments and will allow certain deductions from the zakat base in the final assessments.

However, Al Ahlia's management has submitted a settlement request to the ZATCA for all pending assessments with an amount of Saudi Riyals 7.8 million and is of the view that the level of the existing provisions for zakat is presently sufficient. Al Ahlia had obtained zakat and income tax certificates from the ZATCA for the years through 2019 and its zakat and income tax assessment for the year 2019 is currently under review by the ZATCA.



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**21. Statutory reserve**

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

**22. Capital risk 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 shares.

The Company's objectives when managing capital are:

- To comply with the insurance capital requirements as set out in the Law. The Company's current paid-up share capital is in accordance with Article 3 of the Law;
- To safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To provide an adequate return to shareholders by pricing insurance contracts commensurately with the level of risk.

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

- Minimum capital requirement
- Premium solvency margin; or
- Claims solvency margin

As stated in Note 1, the Company completed its rights issue on 8 March 2022 amounting to Saudi Riyals 229.5 million. As a result and at 30 June 2023, the Company is in compliance with the solvency margin requirements as stipulated by the Law.

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**23. Basic and diluted earnings per share**

Basic and diluted earnings per share for the three-month and six-month periods ended 30 June 2023 and 2022 are calculated by dividing total loss for the period attributable to the shareholders by the weighted average number of outstanding shares during the period.

The weighted average number of shares has been retrospectively adjusted for the prior period to reflect the bonus element of the right issue as required by IAS 33, 'Earnings per share' as follows:

	<b>Three-month period ended 30 June 2023</b>	<b>Three-month period ended 30 June 2022</b>	<b>Six-month period ended 30 June 2023</b>	<b>Six-month period ended 30 June 2022</b>
Issued ordinary shares at 30 June	<b>45,894,928</b>	22,947,464	<b>45,894,928</b>	22,947,464
Rights issue adjustment	-	18,569,757	-	8,113,789
Weighted average number of ordinary shares	<b>45,894,928</b>	41,517,221	<b>45,894,928</b>	31,061,253
Total income for the period attributable to the shareholders	<b>30,760,682</b>	388,080	<b>58,675,679</b>	(24,411,809)
Weighted average number of ordinary shares for basic and diluted income per share	<b>0.67</b>	0.01	<b>1.28</b>	(0.79)
Basic and diluted earnings per share	<b>0.67</b>	0.01	<b>1.28</b>	(0.79)

The weighted average number of ordinary shares for prior year is computed using an adjustment factor of 1.09 which is a ratio of the theoretical ex-rights of Saudi Riyals 10.94 and closing price per share of Saudi Riyals 11.88 on 8 May 2022, the last day on which the shares were traded before the rights issue.

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**24. Gross written premium**

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

**For the three-month period ended:**

30 June 2023						
Breakdown of GWP	Medical	Motor	Property & casualty	Protection & Savings		
				Individual	Group (Term life)	Total
Retail	20,584,050	32,072,004	10,061,053	-	-	62,717,107
Very small	6,110,802	1,626,003	429,070	-	-	8,165,875
Small	6,185,192	5,472,524	1,212,701	-	-	12,870,417
Medium	10,789,761	19,017,087	7,357,804	-	-	37,164,652
Corporate	24,402,936	25,478,076	11,230,542	-	-	61,111,554
Total	68,072,741	83,665,694	30,291,170	-	-	182,029,605

30 June 2022						
Breakdown of GWP	Medical	Motor	Property & casualty	Protection & Savings		
				Individual	Group (Term life)	Total
Retail	13,800,599	3,305,206	4,518,003	-	-	21,623,808
Very small	11,422,097	632,539	613,323	-	-	12,667,959
Small	8,523,357	3,553,054	1,281,339	-	-	13,357,750
Medium	6,555,965	18,599,713	3,728,932	-	-	28,884,610
Corporate	12,142,444	24,001,909	9,515,034	-	-	45,659,387
Total	52,444,462	50,092,421	19,656,631	-	-	122,193,514

**For the six-month period ended:**

30 June 2023						
Breakdown of GWP	Medical	Motor	Property & casualty	Protection & Savings		Total
				Individual	Group (Term life)	
Retail	50,843,190	61,382,454	16,154,474	-	-	128,380,118
Very small	19,645,504	3,129,594	728,235	-	-	23,503,333
Small	11,469,398	10,993,927	3,349,008	-	-	25,812,333
Medium	13,112,584	33,417,814	16,751,722	-	-	63,282,120
Corporate	32,344,225	40,979,306	27,136,851	-	-	100,460,382
Total	127,414,901	149,903,095	64,120,290	-	-	341,438,286

30 June 2022						
Breakdown of GWP	Medical	Motor	Property & casualty	Protection & Savings		Total
				Individual	Group (Term life)	
Retail	22,985,406	5,513,488	9,911,975	-	-	38,410,869
Very small	21,756,260	2,199,742	758,116	-	-	24,714,118
Small	16,937,707	10,477,458	3,288,326	-	-	30,703,491
Medium	10,038,039	54,319,107	9,522,312	-	-	73,879,458
Corporate	19,914,733	40,996,846	28,624,015	-	-	89,535,594
Total	91,632,145	113,506,641	52,104,744	-	-	257,243,530

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**25. Net written premium**

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

**For the three-month period ended:**

Item	30 June 2023					
	Medical	Motor	Property & casualty	Protection & Savings		Total
				Individual	Group (Term life)	
Gross written premium	68,072,741	83,665,694	30,291,170	-	-	182,029,605
Reinsurance premium ceded – globally (including excess of loss)	(562,500)	(1,174,162)	(12,282,375)	-	-	(14,019,037)
Reinsurance premium ceded – locally (including excess of loss)	(375,000)	(110,125)	(4,501,590)	-	-	(4,986,715)
Net written premium – total	67,135,241	82,381,407	13,507,205	-	-	163,023,853

Item	30 June 2022					
	Medical	Motor	Property & casualty	Protection & Savings		Total
				Individual	Group (Term life)	
Gross written premium	52,442,612	50,076,085	19,522,786	-	-	122,041,483
Reinsurance premium ceded – globally (including excess of loss)	(2,802,708)	(8,031,482)	(8,421,950)	-	-	(19,256,140)
Reinsurance premium ceded – locally (including excess of loss)	(847,496)	(244,471)	(2,290,362)	-	-	(3,382,329)
Net written premium - total	48,792,408	41,800,132	8,810,474	-	-	99,403,014

**For the six-month period ended:**

Item	30 June 2023					
	Medical	Motor	Property & casualty	Protection & Savings		Total
				Individual	Group (Term life)	
Gross written premium	127,414,901	149,903,095	64,120,290	-	-	341,438,286
Reinsurance premium ceded – globally (including excess of loss)	(1,222,149)	(2,432,989)	(27,413,751)	-	-	(31,068,889)
Reinsurance premium ceded – locally (including excess of loss)	(613,694)	(220,249)	(8,915,974)	-	-	(9,749,917)
Net written premium - total	125,579,058	147,249,857	27,790,565	-	-	300,619,480

Item	30 June 2022					
	Medical	Motor	Property & casualty	Protection & Savings		Total
				Individual	Group (Term life)	
Gross written premium	91,632,145	113,506,641	52,104,744	-	-	257,243,530
Reinsurance premium ceded – globally (including excess of loss)	(3,505,021)	(18,095,772)	(22,986,432)	-	-	(44,587,225)
Reinsurance premium ceded – locally (including excess of loss)	(971,433)	(540,121)	(6,848,888)	-	-	(8,360,442)
Net written premium - total	87,155,691	94,870,748	22,269,424	-	-	204,295,863

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**26. Sensitivity of assumptions**

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

	<b>Three-month period ended</b>	
	<b>30 June 2023 (unaudited)</b>	<b>30 June 2022 (unaudited)</b>
<b>Impact on equity and net income of change in claims ratio</b>		
5% Increase	<b>11,801,807</b>	10,334,906
5% Decrease	<b>(11,801,807)</b>	(10,334,906)
<b>Impact on equity and net income of change in direct expense ratio – loss component</b>		
2% Increase	<b>511,434</b>	592,046
2% Decrease	<b>(511,434)</b>	(592,046)
<b>Impact on equity and net income of change in risk adjustment for non-financial risk</b>		
5% Increase	<b>424,058</b>	331,574
5% Decrease	<b>(424,058)</b>	(331,574)

**27. Subsequent event**

Except as disclosed in Note 1 (d) relating to regulatory approvals obtained for merger transaction, no other events have arisen subsequent to 30 June 2023, and before the date of approval of this interim condensed financial information, that could have a significant effect on the interim condensed financial information as at 30 June 2023.

**28. Approval of the interim condensed financial information**

This interim condensed financial information has been approved by the Board of Directors on 8 August 2023.